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US ECONOMY
Downturn or recession?
Page 18

World News

Bond charged after probe into merchant bank collapse

Alan Bond, one of Australia's best-known businessmen, was charged under the Western Australian Securities Code after an investigation into the collapse of a merchant bank.

Mr Bond was released on bail of A$100,000 ($77,519). He said in a statement: "I am absolutely innocent of any wrongdoing, and the charge will be strenuously defended." Page 20

Nato nuclear pact

US and Britain have dropped their objections to a so-called "third zero" under which Nato would abandon all its remaining ground-launched nuclear weapons based in Europe. Page 3

Soviet directors call

Directors of 3,000 state enterprises are today set to demand that President Mikhail Gorbachev take tough action to *tackle economic chaos in the* Soviet Union. Page 20

French MPs resign

Michel Noir, mayor of Lyon, quit parliament and the neo-Gaullist RPR party and called on others to follow suit, saying the French were fed up with political scandals and squabbling. Former health minister Michele Barzach, another prominent figure in the RPR also resigned. Page 3

Malaysia ex-PM dies

Malaysia's first PM Tunku Abdul Rahman has died, aged 87. Obituary, Page 6

Serbian poll call

Yugoslavia's prime minister, Ante Markovic, has called on Serbia, the country's biggest republic, to vote for a new, pro-Europe Yugoslavia in next Sunday's elections which will mark the end to one-party Communist rule. Page 3

Cameroon party law

Cameroon's parliament has passed a law opening the door to multi-party politics and the end of 24 years of one-party rule.

Afghan peace offer

Afghan president Najibullah has offered to hand over substantial control of the armed forces and the interior ministry to a commission composed of all opposition groups in an attempt to end the country's 12-year-old conflict.

More Bhutto charges

A government court has filed an eighth corruption charge against former prime minister Benazir Bhutto despite her successor's promise of no more charges, an Indian news report said.

Haiti bomb kills 5

An explosion at a rally for a progressive Haitian Roman Catholic priest, Father Jean-Bertrand Aristide, running for president, killed five people *and injured 54, Haitian radio* reported.

Italian air crash

A blazing military aircraft crashed into a school in northern Italy killing 12 people and injuring more than 100, after its trainee pilot ejected.

IRA bombers jailed

Two Irish republican guerrillas were jailed for 30 years by a British court for plotting a bombing campaign on the mainland.

Top Bulgarian quits

Bulgaria's main opposition leader Petar Beron stepped down after being accused of betraying *dissident secrets* to police during the Communist party's rule.

Business Summary

UK insurance market could lose $5bn in S&L claims

The London insurance market could face losses of up to $5bn as a result of claims linked to the Savings and Loans crisis in the US, a leading firm of solicitors said.

*In the US, regulators are put*ting together a bid to recover $300bn lost through alleged fraud, embezzlement and negligence. Page 20

MARKETS: In Tokyo the Nikkei closed up 359.38 at 22,552.10. In Frankfurt the DAX index rose above 1,500 for the first time in 10 weeks, closing 33.71 higher at 1,504.67. Paris gained 2 per cent, with the CAC 40 closing 33.08 higher at 1,693.52. Back Page Section II

FORD of the US and Volkswagen of Germany are expected to give the go-ahead for a joint vehicle development programme in Europe, which will include building a new assembly plant, most probably in Portugal. Page 21

GRAND Metropolitan, international food, drinks and retailing group, pushed up pre-tax profits by 25.5 per cent, from £732m ($1.4bn) to £919m. Page 23: Lex, Page 20

FABRIQUE Nationale Herstal, Belgian light arms maker saved from liquidation, has left almost nothing in its long hoped for rescue plan for small shareholders. Page 21

GO-VIDEO, US manufacturer of video-tape recorders, filed an anti-trust suit against Matsushita in a bid to scuttle the Japanese electronics company's acquisition of MCA, Hollywood-based entertainment group. Page 6

HANSON, industrial conglomerate, reported record profits of £1.29bn ($2.47bn) and is on the lookout for further acquisition opportunities as recession tightens its grip on companies in the US and UK.
Page 21; Lex, Page 20

SOUTH AFRICA'S farmers face the prospect of severe drought unless good fains begin in the next fortnight. Commodities, Page 36.

ITALY cleared the legislative path for fundamental changes in its securities industry. The lower house of parliament approved a law providing for the establishment and regulation of broadly based securities houses. Page 3

MIDLAND Bank and Hongkong and Shanghai Bank will not extend an agreement, limiting the Hongkong Bank to owning 14.9 per cent of Midland, when it expires in two weeks' time. Page 21

HONSHU PAPER, leading Japanese papermaker, has fluctuated on the Tokyo stock market on reports that the president of United Industrial Corporation, Singapore listed company, could take a significant stake. Page 24

BANK of New Zealand, financially troubled bank, won the support of its shareholders and those of the New Zealand government and Fay Richwhite, merchant bank. Page 24

UK Department of Energy may be abolished after the next election, the prime minister hinted. Page 8

COMPAGNIE Générale d'Electricité, French telecommunications and engineering group, and Fiat, Italian carmaker, formally sealed their wide-ranging exchange of share stakes and activities. Page 23

NORDBANKEN and Gota, two of Sweden's leading commercial banks, became the largest shareholders in Esselte, one of the world's main office supply producers. Page 23

BAYERISCHE Vereinsbank, Bavarian-based bank, reported increased partial operating profits for the first 10 months of 1990 despite spite of tricky trading conditions and considerable costs of expansion into east Germany. Page 26

Western leaders seek clarification, vow to maintain pressure

Saddam orders freedom for all foreign hostages

By Peter Riddell in Washington

PRESIDENT George Bush and other western leaders yesterday vowed to maintain full military, economic and political pressure on Iraq after President Saddam Hussein surprised the world by ordering the release of all foreign hostages held in Iraq and Kuwait.

As western nations urgently sought clarification of the Iraqi president's announcement that all travel restrictions on foreign nationals would be lifted, Mr Bush said the release of the hostages would be "a very good thing". However, it did not mean that negotiations were underway, or contemplated, with Iraq on other issues.

"The problem is Iraq's aggression against Kuwait," he said.

The decision to release more than 2,000 western and Japanese nationals and thousands of other foreigners trapped in Iraq and Kuwait immediately fuelled speculation that the international pressure on Iraq might be paying off.

There were suggestions that with Mr Tariq Aziz, the Iraqi foreign minister, expected in Washington next week, a diplomatic solution to the Gulf crisis could be feasible. Oil prices dropped sharply on the news and stock markets soared.

However, neither Mr Saddam nor Mr Bush gave any indication of willingness to back down in their confrontation over Iraq's annexation of Kuwait, which has brought the Middle East to the brink of war in recent weeks. The US administration was at pains to deny rumours that it was prepared to support a United Nations Middle East peace conference embracing the Arab-Israeli dispute, with which Iraq has linked its occupation of Kuwait.

In a letter to Iraq's national assembly, which is to meet today to ratify the decision, Mr Saddam said he was now prepared to release the hostages, which he had been holding as "human shields" to stave off attack, because his forces in Kuwait were ready for war.

"The time has come when our forces . . are fully prepared if they had to fight. Bush's call for negotiations so far bears for us the probabilities of aggression and war and troops are still massing."

In Santiago, Chile, the latest
Continued on Page 20


Australian hostages celebrating leaving Baghdad yesterday

Logistical problems threaten to delay any evacuation operation

By Jimmy Burns and Richard Evans in London

THE RELEASE of hostages promised by President Saddam poses considerable logistical and bureaucratic problems which could take several days to resolve, diplomatic and airline officials indicated last night.

It was unclear how the Iraqi government proposed to transport hostages from the various locations where they are held and in what sort of time scale.

But one airline official said: "It's got to be a very well orchestrated operation. There is no way 6,000 foreigners can descend on Baghdad airport. It would be chaos."

Judging from the experience of previous selective releases, British officials said they expected the Iraqi authorities at the very least to insist on submitting the hostages to visa procedures which could take anything up to a week to process.

In theory, international airlines would need only 16 jumbo airliners to evacuate some 6,000 civilians in groups of about 350. Transport officials said it should also be relatively straightforward for an international airline to file and receive an affirmative reply to its flight plan, seeking permission from the Iraqi authorities to enter their airspace and land.

In practice, however, any big airlift may require tortuous negotiations between Baghdad and the many countries who have nationals still trapped in the Gulf, western diplomats fear.

British Airways, which has previously flown several relief flights out of Amman both to Europe and Asia, said last night that it had one jumbo on standby at Heathrow to fly to the Gulf.

"We are just waiting to be told where and when," an official said.

The company added it was prepared to bear the costs of the flight for humanitarian reasons.

Another UK airline, Virgin Atlantic, which has also been involved in repatriation of some western hostages, said last night it was also ready to help but was still awaiting more information from the British Foreign Office before making specific plans.

"We would be delighted to continue our support of the hostages, but until we have more details of numbers and the timing of their return, there is not much that we can do," a spokesman for the company said.

The hope of seeing friends and relations back home by Christmas was tempered by the fear that it might all be a diplomatic bluff.

Mr Andy Charles, spokesman for the UK Gulf Support Group, said last night: "We are cautiously optimistic and cautiously delighted, but we've had a lot of similar announcements in the past which have not borne fruit."

Mrs Linda Grant, whose husband Roy is a member of a British Airways cabin crew held hostage since August 2, said: "Roy is a survivor but I expect his reaction will be the same as mine – floods of tears.

ON OTHER PAGES

Gulf hopes trigger markets boost

By Our Economics and Markets Staff in London

HOPES of a peaceful solution to the Gulf crisis sparked a rise in shares and bonds across Europe yesterday, while oil prices fell back sharply.

In London, the FT-SE 100 index closed at 2,177.5, up 24.9 on Wednesday night. Shares in Frankfurt ended the day more than 4 per cent up, while the Paris and Amsterdam bourses each saw gains of 2 per cent.

Hopes of a settlement were also reflected in the UK government bond market. The March long-gilt futures contract, an indicator of general price movements, was quoted at about 89½, up nearly a point.

Gains were, however, held back by a cautious mood among traders. Mr Richard Jeffrey, director of economics at Hoare Govett, the London stockbroker, said considerable scepticism remained about the prospects for peace.

Mr Julian Simmonds, head of currency sales at Citibank in London, said: "We are not out of the woods yet."

In European trading, North Sea Brent oil for January delivery closed last night off $2.70 at $26.10.

Steeper declines earlier in the day were pared back after Mr James Baker, the US secretary of state, said the US was not backing any United Nations resolution calling for a Middle East peace conference.

On Wall Street, share price rises were relatively muted. The Dow Jones Industrial Average was little changed at mid-session.

On foreign exchange markets, the dollar declined as dealers decided that the reasons for holding the currency, which is traditionally viewed as a safe haven in times of international tension, looked less valid.

In London, the pound gained about 1½ cents against the US dollar, closing at $1.9395. Against the D-Mark, it finished little changed at DM2.8900.
Markets and currencies, Section II

Concessions break trade talks deadlock

By Peter Montagnon, William Dullforce and Tim Dickson in Brussels

THE DEADLOCK was broken in the Uruguay Round of talks to reform the world trade system last night after the European Community offered concessions on farm support and the US shifted its position on services such as banking, telecommunications and insurance.

The breakthrough came just as ministers were about to suspend their four-year effort in an atmosphere of rancour. Instead the talks will now continue, possibly right into the weekend.

Despite the apparently insuperable difficulties which have been dogging the talks this week, EC ministers refused to abandon the attempt to win a broad package of agreements to adapt the rules of the trading system to modern day reality.

"Some have been urging suspension. We are strongly against that," said Mr Peter Lilley, UK secretary of state for trade and industry. "There are signs of movement and we should profit from them."

Mr Mats Hellström, the Swedish farm minister announced that the deadlock had been broken on the central subject of agriculture where all participants in the talks were now prepared to discuss the need for specific commitments in the three separate areas of export subsidies, domestic assistance to farmers and the reduction of barriers to imports.

The EC had previously been resolutely resisting such detailed commitments and officials last night declined to comment on their new approach to agriculture.

Mr Lilley said, however, that member states had given the Commission leeway to explore ways of making its original offer to cut subsidies by 30 per cent "more attractive".

"Things are beginning to move. Ministers want to negotiate," said a spokesman for the General Agreement on Tariffs and Trade.

Delegates said that Mr Hellström, who is chairing the agriculture talks here had circulated a proposal under which cuts in farm support would start from next year using its level in 1990 as a base. Support would be cut by a total of 30 per cent over five years in each of the three separate areas.

This proposal goes much further than the EC's offer to reduce farm supports over a longer period of 10 years without making specific cuts in export subsidies.

It would also deprive the EC of the opportunity it has been seeking to raise tariffs on selected products such as oilseeds and corn gluten feed.

Speculation that a successful outcome was now at hand was premature, EC officials said.

Community farm ministers were studying the compromise last night but farm lobbyists on the fringes of the meeting voiced immediate dismay.

EC officials stressed the fact that participants had agreed to proceed with negotiations on all outstanding issues without singling out agriculture.

Among the other advances made yesterday was an agreement that cuts in tariffs due to be implemented after the Round will be phased in over a five year period. Accords have also been reached on opening the $1,700bn annual market in public procurement – or purchasing of goods and services by governments – and on a first package of reforms to Gatt's anti-dumping code.

The US also announced that it was prepared to see the principle of non-discrimination known as most-favoured-nation treatment applied to the liberalisation of trade in services.

This would limit its right to take unilateral action against countries that refuse to open their markets to foreign service industries, but the US said it still attached importance to more open markets, especially in advanced developing countries, as a condition for final agreement.

EC officials indicated privately that this was still not sufficient to obtain a breakthrough in this area.

CONTENTS

Serbs face choice between two brands of nationalism

Prime Minister Ante Markovic, pictured, left, is calling on 6.8m Serbians to vote for a new, pro-Europe Yugoslavia in next Sunday's elections. His appeal, however, is likely to fall on deaf ears
Page 3

MARKETS

STERLING
New York lunchtime:
$1.9367
London:
$1.9395 (1.924)
DM2.89 (2.8875)
FFr9.8 (9.7875)
SFr2.4675 (2.4675)
Y256.5 (258.75)
£ index 93.6 (93.6)
GOLD
New York: Comex Feb $373.2
London:
$370.75 (373.75)
N SEA OIL (Argus)
Brent Jan
$26.10 (28.3)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.49025
FFr5.0585
SFr1.272
Y132.25
London:
DM1.4905 (1.5015)
FFr5.0575 (5.0875)
SFr1.2715 (1.2825)
Y132.25 (134.45)
$ index 80.9 (81.4)
Tokyo close:Y134.05
US lunchtime rates
Fed Funds $7\frac{7}{8}$%
3-mo Treasury Bills:
yield: 7.204%
Long Bond:
$104\frac{15}{32}$
yield: 8.295%

STOCK INDICES
FT-SE 100:
2,177.5 (+24.9)
FT Ordinary:
1,717.9 (+28.3)
FT-A All-Share:
1,047.33 (+1.1%)
New York lunchtime:
DJ Ind. Av.
2,615.84 (+5.44)
S&P Comp
330.62 (+0.7)
Tokyo: Nikkei
22,553.1 (+359.39)
LONDON MONEY
3-month interbank:
closing $13\frac{13}{32}$-$13\frac{3}{16}$% ($13\frac{19}{32}$) (
Liffe long gilt future:
Mar $89\frac{17}{32}$ ($88\frac{7}{8}$)

URUGUAY ROUND: ON THE BRINK

'Positions on agriculture appeared irreconcilable, but until yesterday there had been no real negotiation on a way out'

Shadow-boxers who almost missed the real fight

TRADITION decrees that trade negotiations end in an all-night crisis session.

Decorum prevents ministers from actually punching each other when the going gets rough. But the test of stamina and brinkmanship required to survive an all-night crisis provides a socially acceptable substitute for physical combat.

Yet it works normally only at the *end* of a negotiating session when it is needed to finally break the will of those resisting an agreement that is already in sight. The problem with this week's talks was that a crisis over agriculture was needed at the *beginning* of the week just to get the serious talking started.

As the crisis developed on Tuesday and Wednesday, delegates, used to waiting to the end of the talks for the real crunch, refused to take it seriously. Strong words from all sides on the question of farm support still looked like posturing and early deadlines were missed.

The truth became clear as the talks teetered on the brink of suspension. It was more than just posturing. Positions on agriculture appeared to be irreconcilable, but until last night there had never been any real negotiation which might have explored a possible way out of the impasse.

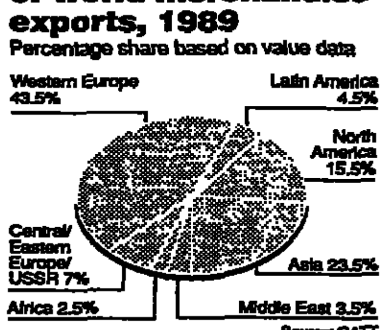
The US and the Cairns group of 14 farm-exporting nations blamed the European Community whose ministerial council spent several sessions refusing to amend its position, accepting cuts of only 30 per cent in farm support and no specific commitments on export subsidies.

The EC farm spokesman had jauntily sported an emerald green badge inscribed with the words "I love CAP" (the Common Agricultural Policy). He said the US delegation was "in disarray" because it could not make the sacrifices needed for a deal to liberalise trade in services without losing the support of the US Congress.

Behind this verbal sparring lay some serious institutional problems for the General Agreement on Tariffs and Trade.

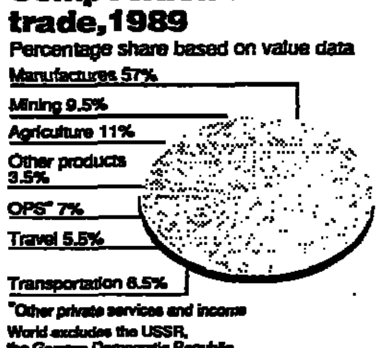
● The agenda set out in 391 close-typed pages by negotiators in Geneva was too complicated for many of the ministers to cope with.

Regional composition of world merchandise exports, 1989
Percentage share based on value data



Source: GATT

Composition of world trade, 1989
Percentage share based on value data



*Other private services and income
World excludes the USSR, the German Democratic Republic and China
Source: GATT

Several times this week the technical grasp of ministers over the issues on which they were supposed to take decisions failed them at news conferences.

● The EC's flexibility is impaired by its cumbersome arrangements for consultation with member states while the Commission actually does the negotiating. The EC has constantly to consult back with its Council of Ministers and can too easily get involved in procedural wrangling, for example over whether Mr Renato Ruggiero, Italy's trade minister and chairman of the EC's council of trade ministers, should be allowed to participate in negotiating sessions.

Some US officials say the council system means the EC is well-placed to negotiate internally, but out of its depth as soon as it has to deal with the outside world.

● The US in turn is hampered by the legal requirement for the Bush Administration to consult at every twist and turn with its private sector advisers and with Congress. Its command centre at the President Hotel was thronged with business executives and with congressmen and their staffers. Surveying the breakfast room, one lawyer said it "was just like a high-school reunion".

With each of these two delegations living virtually in a world of its own, it was all too easy for them to forget the rest of the players. As at the mid-term review of the Uruguay Round in Montreal two years ago, however, it was Latin American countries which first talked openly about pulling the plug on the talks.

Argentina and Brazil called openly on Wednesday night for suspension of the talks, but such had been the violence of the slanging match between the US and the EC that no one had given much thought to what this would mean to the Round.

A crisis, which nobody had taken seriously enough at the beginning, thus began to spin dangerously out of control. The situation was not helped by the total lack of chemistry between the key US and EC players.

Mrs Carla Hills, the unbending and forceful US Trade Representative, is regarded by many Europeans as an adversarial negotiator who takes any suggestion of concession as a personal affront. Mr Ray MacSharry, EC farm commissioner, is seen by the US as an inward-looking official, more concerned with his eventual future in Irish politics than the world trading system.

After the Montreal meeting was disrupted by the Latin American countries, most trade officials acknowledged the world of trade negotiation could never be quite the same again because developing nations could no longer be ignored.

This week's meeting suggests that lesson had almost been forgotten by the US and the EC in their obsession with each other.

Peter Montagnon and William Dullforce

GATT

Old feuds put aside may now re-emerge

MANY long-simmering trade feuds between the US and the European Community could reach boiling point if the negotiators in the Uruguay Round fail to agree.

In its 1990 report on foreign trade barriers, the US Trade Representative's office devotes 11 pages to alleged wrongs committed by the Community. These include high tariffs, supports for coal production and markets closed to American telecommunications products. Action has been delayed on many of these until completion of the Round.

The dispute over support for Airbus by the governments of France, Germany, the UK and Spain remains a primary area of contention. The US Commerce Department says without subsidies no Airbus programmes would be viable. With them, Airbus threatens the US aviation industry.

Most immediately, an outbreak of hostilities is likely over agriculture issues unresolved by an accord under Gatt. The US is threatening sanctions over the failure of the two sides to renew a pact providing compensation for the loss of the US feed grain markets when Spain joined the EC. For four years the EC made special provision for annual Spanish purchases of 2.3m tonnes of foreign feed grains, and feels no further payment is necessary.

The US wants the agreement extended another year or re-negotiated. The $420m market is still lost, officials say, and continued compensation is merited.

The EC's Third Country Meat Directive, which governs sanitary requirements for food imports, has slowly strangled American meat exports to the Community. Serious clashes might have occurred already if the US industry had not been pleasantly distracted by the brisk business it has been doing in Asia.

However, the EC cut-off of American pork imports on October 31 and the threatened ban on all meat imports as of the end of the year seems the final outrage. Without a settlement – and none seems in the offing – sanctions could come soon against a wide range of EC food exports.

A failure of the Gatt to harmonise food safety and health rules would also leave outstanding the fight over the EC's hormone ban. In response, the US imposed 100 per cent tariffs on Community agriculture imports valued at about $97m, although duties against about $4.3m worth were later removed in response to an interim agreement.

Warning signals are also flashing over decisions reached in the EC 1992 market integration exercise. The controversial Community Broadcast Directive, which would reserve for European producers the majority of entertainment programming, is a prime candidate for further action under the Gatt.

The US Commerce Department is also monitoring the impact of the EC programme of standards, testing and certification. Disagreement is outstanding over standards relating to toys, furniture and medical devices.

An EC "Buy Europe" public procurement provision, which permits authorities to reject tenders with less than 50 per cent European content and grants a 3 per cent price preference to European bids, is another area of conflict.

Also of concern in the US are directives covering EC intellectual property rights provisions and rules of origin.

Nancy Dunne

EC farm concession welcomed

MR Julius Katz, the deputy US trade representative, yesterday said last night's EC offer on agriculture trade reform was "worth evaluating". The offer would open the European market, slash export subsidies and reduce internal farm supports by 30 per cent.

According to US private sector representatives who were briefed by Mr Katz, the EC has agreed to use as a base year for calculations the year 1990. This was regarded as a significant concession. The previous EC offer, rejected by virtually every other Gatt member, would have used 1986 as a starting point and counted the 15 per cent in cuts in internal supports already made.

The new offer marks the first time the EC has agreed to demands for market access and reductions of export subsidies used to dump surpluses in foreign markets.

A US private sector representative in Brussels said confusion still reigned among advisers over the outcome of the talks. "It is the blind leading the blind," he said. "People are working diligently but they still don't know if consensus can be achieved on many issues."

There was no possibility of completing a legal text of agreements this week, he said. A proposal for another ministerial conference to be held early next year was being held in reserve to push for as much progress as possible this week.

Representatives of US services industries have shown increased flexibility on the EC demand that Most Favoured Nation's status be granted all nation's which sign on to the pact. However, they say they must get "adequate commitment" from several countries before they throw their support behind an accord.

In Washington, Mr Bill Reinsch, chief legislative assistant to the influential Senator John Heinz of Pennsylvania, has been following the Gatt and hoping for a modest package of reforms.

"People who say Congress will only settle for a big deal are wrong," he said. "It would be better to get a small package that involves incremental change in a lot of areas."

Industry groups have been growing increasingly concerned about US concessions on dumping, subsidies, government procurement and market access. "People are wondering if the costs will exceed the benefits," he said.

Miss Jennifer Brick, a legislative aide with Senator Frank Murkowski of Alaska, said the senator still see a large package as "the optimum scenario." But with 37 senators on the record as opposed to fast-track approval, "they might be appeased by a smaller package."

Mr Reinsch predicted that negotiators in Brussels "will cobble something together and call it a brilliant success." Failure would not bring a protectionist response from Congress, he said.

Nancy Dunne

US U-turn on services removes crucial blockage

THE US yesterday removed a crucial blockage to the conclusion of an international agreement liberalising world trade in services by reversing its previous position in the Uruguay Round talks.

Mr Rufus Yerxa, deputy US trade representative, said the US would accept the inclusion of a non-discrimination clause among the general principles of the agreement. Other delegates greeted the US move as an important breakthrough.

Last month in Geneva, the US had brought talks on the $680bn trade in services to a standstill by refusing to have Gatt's most-favoured-nation (MFN) clause written into the framework of the agreement. Under the principle of MFN, each signatory to the Gatt is obliged to apply to all other countries trade benefits accorded to any one country.

Washington claimed then that it already operated a liberal market and needed to retain its own instruments to prise open the more protected markets of other countries. Its move was understood to aim at compelling other countries to table firm commitments to liberalise their services in the Round.

The Americans' stand was rejected by the European Community, Japan and all other countries participating in the talks and became one of the most controversial items for trade ministers at this week's meeting in Brussels.

In reversing its position, Mr Yerxa said that the US was trying to get the services negotiations moving.

The new offer was conditional on the US being allowed derogations from the MFN rule for a limited number of sectors, notably transport, and on the conclusion of substantive agreements, opening up markets, being concluded with other countries before the end of the round.

Eight or nine trading blocs, including the EC and Japan, representing 80 per cent of world trade in services had submitted initial liberalising commitments here in Brussels.

The US wanted to achieve a "critical mass" of liberalisation by gaining commitments from at least the newly industrialised countries among the remaining 97 participants, Mr Yerxa said. Offers had to be turned into signed accords between governments, and no method for doing this had yet been agreed in the talks.

It would take several months to finalise the agreements, Mr Yerxa considered.

Washington is also reserving the right not to apply the provisions on financial services to other countries, if it deems that those countries have not made sufficient commitments to liberalisation. But, Mr Yerxa said, the US did not expect all developing countries to sign up to the same level of commitments as the industrialised nations.

In another potentially important development, US officials said Washington was examining its rules on foreign ownership of airlines. A loosening of restrictions could be envisaged.

William Dullforce and Peter Montagnon

Something to smile about: Battling US Trade Representative, Mrs Carla Hills, in Brussels yesterday

Community dogs that failed to bark

THE FIRST glimmer of hope emerged through the Brussels fog yesterday as the European Community finally indicated some flexibility on agriculture. But for the majority of disillusioned delegates and bemused onlookers the question was: "Why did it take so long?"

The strength of the European farm lobby has been vividly illustrated over the past few months. But expectations (or at least hopes) had been pinned on a clear change of tune from Chancellor Helmut Kohl following last weekend's election triumph, and on some prodding within the EC by the so-called liberal camp led by Britain and the Netherlands.

Both dogs, though, have conspicuously failed to bark in Brussels and important conclusions can be drawn. One is that the Bonn-Paris axis appears to be alive and well. The other is that Britain suddenly appears to be going out of its way to prove its European credentials.

German adherence to the principles of the Common Agricultural Policy (CAP) was vividly confirmed during deliberations on farm reform in October. But there has been keen speculation that, once freed from election the constraints, Mr Kohl would signal a willingness to make bigger farm sacrifices in the wider interests of international trade.

But many now realise the Chancellor would not only lose considerable face at home for any sudden and public about-turn but cause widespread dismay elsewhere in the EC. After all, Bonn's Community partners took a relaxed view of German unification earlier this year on the understanding that Mr Kohl demonstrated his commitment to closer EC integration.

Kohl: has changed his tune

The behaviour of Mr John Gummer, the UK's Farm Minister, has also been instructive. In press briefings he has stoutly defended the principles of the CAP and reserved his most bitter criticism for US tactics. "It is not a proper way for the largest trading power in the world to be addressed by the second largest," he said yesterday in response to a transatlantic jibe.

Mrs Carla Hills, the US Trade Representative, may have miscalculated in thinking Britain her best ally (at least when it comes to moving the EC from its 30 per cent offer).

British self-interest in the CAP has long been underestimated. But many yesterday saw Britain's new *communautaire* role not only as the sign of a new style from the new prime minister, but as a deliberate strategy ahead of this month's conference on economic and monetary union.

Tim Dickson

FARM TRADE ROW: THE PLAYERS

THE EUROPEAN COMMUNITY has about 10m farmers, plus 800,000 in the former East Germany. France is by far the biggest producer. EC share of world farm trade is about 17 per cent.

THE UNITED STATES has less than 2m farmers. Share of world farm trade, about 16 per cent.

THE CAIRNS GROUP of 14 farm-exporting countries, including developed and less developed nations. Members: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand, Uruguay, Fiji. They have about 227m farmers. Share of world farm trade: about one third.

GATT TALKS: THE OTHER ISSUES

TEXTILES – Third World exporters want industrialised countries to phase out import restrictions on their textile and clothing products and bring the entire $177bn a year trade under Gatt's free trade rules.

SAFEGUARDS – Some industrialised countries want safeguard measures, special tariffs or quotas, to curb imports in extreme cases.

PATENTS – *Differences persist over issues such as whether to grant patents to the party that is first to invent or first to file for a patent.*

INVESTMENT – The objective is to remove or modify government restrictions on foreign investments – such as those requiring the use of locally-produced parts or setting aside of a specific share of plant output for export.

British ambassador fears 'burst of protectionism'

BRITAIN'S ambassador to Bonn yesterday warned German businessmen of "a burst of protectionism with terrible consequences" unless a last-minute compromise was found at the Gatt trade talks.

Sir Christopher Mallaby told a meeting of Ruhr businessmen that excess EC agricultural spending represented "a scandalous waste of money".

Taking Germany to task for its refusal to make serious cuts in farm spending, he said: "It remains absurd to pay farmers to produce unwanted goods and to spend more on storing them."

Sir Christopher stressed that constructing the Community, improving it and completing it was fundamental to Britain's foreign policy.

His speech came as German diplomats said they were searching for ways of improving Anglo-German ties after the tension of the last two years.

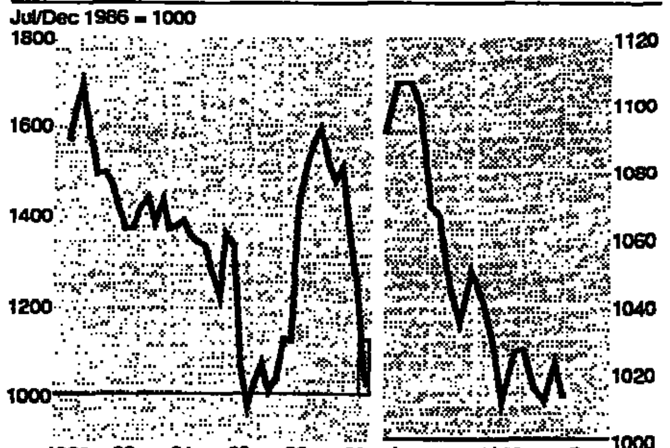
Sir Christopher's speech was punctuated by unusually barbed remarks on Germany's policies on European Monetary Union.

Commenting on the lack of genuine public debate in Germany about the consequences of Emu, he said: "People seem to assume that all proposals that claim to advance the cause of European union are automatically good, like motherhood. Yet surely one should think carefully about the momentous step of abolishing the Deutschmark and replacing the Bundesbank by an international central bank with a different character."

Sir Christopher said that Emu would cause a painful loss of flexibility unless EC states first converged economically. He said the "hard Ecu" concept developed by the British Treasury – savaged in recent weeks by both the Bundesbank and Bonn – "could potentially have a powerful unifying effect on monetary policy in the Community as a whole".

David Marsh

Wheat price index
Jul/Dec 1986 = 1000



Source: International Wheat Council

US and EC locked in expensive grain subsidy war

THE subsidy war in the world grain markets looks set to continue as the big exporters battle for a larger share of a shrinking market.

Faced with soaring production and falling prices, the United States and the European Community have become locked in a competition which neither is likely to win. They are paying higher and higher subsidies that the treasuries of neither side can afford to continue.

The root of the problem lies with the transformation of the EC under the Common Agricultural Policy (CAP) from a net grain importer to the world's second-biggest exporter after the US.

The CAP was designed to give grain farmers fair and good prices. But by the mid-1970s European farmers started to grow more grain than the continent consumed – and export restitutions were introduced.

The restitutions bridge the gap between the price within the EC and the price that can be fetched on the world market. The US, alarmed by the growth in EC exports, started its own Export Enhancement Programme (EEP) with the aim of winning back sales to selected markets by offering an extra subsidy.

The effect of the two programmes has been to lower the world traded price of wheat to $70 (£36.46) a tonne and less. The lower the price, the bigger the subsidy must be.

In September, EC restitution levels were $135 a tonne for soft wheat and more than $200 a tonne for hard wheat, while the US was paying on average $46.90 a tonne on wheat to Egypt, compared with only $9 a tonne in September 1989.

While the US and the EC have been slugging it out dollar for dollar, other countries including Canada, Australia and Argentina have felt the squeeze. Canada, which the EC replaced as the number two exporter, has a record harvest this year – and might have to make deficiency payments of more than C$1bn (£443m).

Canada is not alone this year in having a big harvest. The International Wheat Council recently raised its estimate for 1990-91 grain production by 14m tonnes to 1.42bn tonnes. In the same report the IWC predicted that total grain trade was falling by 16m tonnes to 181m tonnes.

This is below the 1980 total world trade in grains of about 200m tonnes, according to Ms Maria Cappuccio, traded policy co-ordinator at the UK's Grain and Feed Trade Association, who believes that a collapse in the Gatt talks will reduce trade even further.

Ms Cappuccio argues that despite the vast amounts of money poured into the export subsidy programmes – $2bn by the EC and $500m by the US – the two giants have not dented each other's market shares.

"It's such a waste of money in subsidies. We should be working to unlock the potential Third World demand for grains," she said yesterday.

David Blackwell

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Italy clears way for securities reforms

By John Wyles in Rome

THE LEGISLATIVE path was cleared yesterday for fundamental changes in Italy's securities industry. The lower house of parliament finally approved a law providing for the establishment and regulation of broadly-based securities houses.

The law, which has to be approved by the Senate, provides for a transition period to the end of 1992 leading to the creation of so-called Societa di Intermediazione Mobiliare (SIM). These will be companies specialising in securities trading but also able to participate in bond issues, underwriting and fund management.

A key part of Italy's strategy for modernising its stock market, the legislation establishes dual capacity dealers authorised to undertake broker commissions on behalf of clients and also to transact business on their own account.

They will be required to trade exclusively through SIMs on the stock market where all transactions will be concentrated; at present about 70 per cent of business is done outside the exchange.

Existing brokers, whose monopoly of equities trading will be broken, are covered by a protective requirement that will require an SIM to operate with an established broker during the transition period. The new rules lay down that SIMs should be joint stock companies or partnerships with share capital open to Italian and foreign banks, brokers and industrial companies.

Italian banks, now heavily involved in stock market operations, are expected to be the creators of at least half the estimated 60 SIMs which experts think are likely to be established.

The SIMs will be regulated by the Bank of Italy and the Consob, the stock exchange regulatory authority.

The law should go some way to placate the broking community, whose dealers and other staff have staged a series of strikes in protest at the length of its itinerary through parliament and at the government's quite separate move to impose a capital gains tax.

Objection dropped to elimination of Nato's ground-launched missiles

US and UK change nuclear stance

By David White in Brussels

THE UNITED STATES and Britain have dropped their objections to a so-called "third zero" under which Nato would abandon all its remaining ground-launched nuclear weapons based in Europe.

This means that Nato nuclear deterrents, below the level of intercontinental strategic arms, will concentrate on planned new missiles that can be launched from "dual capable" aircraft.

The third zero involves elimination of ground-launched weapons with ranges of less than 500km (short-range missiles and battlefield artillery shells). Two categories of missiles with ranges between 500km and 5,500km were banned under the 1987 Intermediate Nuclear Forces treaty between the US and the Soviet Union.

Remaining land-based weapons are due to be the subject of further US-Soviet negotiations starting next year. Officials at Nato said a mandate for the talks might be agreed by allied foreign ministers later this month.

The proposed "third zero" would not cover weapons in France's nuclear arsenal, which includes both intermediate-range and short-range land-based missiles. However, the French government is independently reviewing the structure of its nuclear forces.

Under Mrs Margaret Thatcher's prime ministership, Britain took a strong line on opposing any move towards a third zero. At a hard-fought summit 18 months ago, it only reluctantly agreed to the principle of negotiations being held at all.

Up to this summer, the UK continued to argue for maintaining some ground-launched nuclear weapons until members had committed themselves to the new air-launched missiles.

The US in recent months has been ambiguous on the issue of how far reductions should go.

British officials said yesterday that there was no longer any division between the US and British position and that of Bonn, which has argued for removal of the weapons, most of which are fielded on German territory. Nato has already shelved plans to replace its current short-range missiles.

Defence ministers in Nato's nuclear planning group are today due to review progress on re-assessing Nato's nuclear requirements in the aftermath of the cold war. The future size of Nato's nuclear stockpile is expected to be determined next spring, but officials are still avoiding seeking public commitments from allies on the sensitive issue of where the new air-launched weapons will be based.

Nato is estimated to have about 4,000 nuclear warheads in Europe, on shells, missiles, bombs and depth charges, excluding French weapons and arms deployed at sea.

Concern about vanishing arms

By David White in Brussels

NATO DEFENCE ministers yesterday voiced worries about the reduced amount of Soviet military equipment scheduled for destruction under the Conventional Forces in Europe treaty signed with the Warsaw Pact last month.

Mr Tom King, Britain's defence secretary, said there was "great concern" whether the treaty process was going forward with "the degree of control and accuracy that was intended". Latest Nato calculations show that more Soviet tanks, armoured vehicles, artillery guns and rocket launchers have been moved east of the Ural mountains and out of the treaty area (thereby avoiding destruction) than the total numbers that Nato will be allowed to field in Europe under the treaty terms.

The transfers involve almost 78,000 of these army weapons and some 800 combat aircraft.

As a result, the Soviet Union retains much larger overall weapon holdings than had been expected.

Mr King said it was "a matter of some urgency" for Nato to draw up its new post-cold war military strategy. Uncertainties and instabilities in eastern Europe and the Soviet Union made it important for Nato to maintain a "relevant, flexible defence structure," he said.

Work on rewriting Nato's operational strategy is due to be completed next spring, but officials said it would take much longer to implement the new policies.

King: worried

Gaullists disturbed by resignation of rising young stars

By Ian Davidson in Paris

FRANCE'S leading conservative opposition party, the Gaullist RPR movement, has been shaken by the abrupt resignation, from the party and from their parliamentary seats, of two of its leading young stars.

Mr Michel Noir, 46-year-old mayor of Lyon and a former trade minister, and Ms Michele Barzach, 47-year-old Paris deputy and former junior social affairs minister, both abruptly announced their resignations yesterday. Their resignation statements were strongly critical of the Gaullist party and the state of French politics.

Denouncing the "sickness" of France, Mr Noir condemned the "mediocrity of the behaviour" of the Gaullist party leadership.

He called on other politicians to follow his example, in a "vast national uprising" against the sacrifice of national interests to party political "games".

His appeal was answered within hours by the resignation of Ms Michele Barzach.

The resignations come one day after the Gaullists adopted a new European policy marked by an emphatic return to the party's historic hostility to the federal ambitions of the Community institutions.

The timing appears to be entirely coincidental, however. Mr Noir has been thinking of leaving the party for some months.

His departure is primarily in protest at the apparently irremovable party leadership of Mr Jacques Chirac, and the manoeuvres between the latter and Mr Valéry Giscard d'Estaing, leader of the centre-right UDF grouping.

Mr Noir rose to national stardom last year, when he won a sensational victory in the March local elections and captured the town hall of Lyon, France's second city.

Since then he has, on several occasions, attempted to mount a challenge to the Gaullist party's old guard, by mobilising like-minded reforming conservatives, both within the Gaullist party and in the UDF.

His first initiative came in the spring of last year, when he tried to field a list of young conservative candidates in the 1989 European Parliament elections; the attempt was crushed by the apparatus of the Gaullist hierarchy, and the young reformers were scattered.

Earlier this year, Mr Noir launched a new reforming group, called United France, which included young conservatives from the Gaullist movement and other conservatives.

France acts to improve deprived urban areas

By William Dawkins in Paris

THE French government has launched fresh plans to tackle the social and economic problems of deprived suburbs, in an attempt to prevent a repeat of recent riots, the worst in France for nine years.

It aims to transfer FFr2.2bn (£220m) of state grants away from rich urban areas to poor ones over the next two years, and will shortly create its first minister specifically responsible for urban problems, according to Mr Michel Rocard, the prime minister.

The move is important not just because it shows the seriousness with which the Socialist government views urban deprivation.

It is also one of the clearest signs yet that the government is rethinking some of the decentralisation which it has encouraged in recent years.

In another advance for central control, the government has just appointed a close senior adviser of President François Mitterrand, Mr Christian Sautter – a loyal Socialist – as its administrative chief in the mainly right-wing Ile-de-France, the country's largest region.

Mr Rocard is planning to reallocate FFr700m of grants due to the richest communes, the equivalent of British town councils, next year, rising to around FFr1.5bn in 1991.

This is on top of the FFr4bn the government had already earmarked for next year for its existing urban programmes.

The government also plans to table a law early next year to encourage the creation of more cheap housing, and to send more top civil servants to local authorities.

The beneficiaries will be 400 areas certified as being dangerously poor, with high rates of unemployment and immigration.

The immediate trigger for the government's concern came with the outbreak of violence two months ago in a Lyons suburb, followed last month by another riot near Paris. These intensified government fears that it is failing to foster the Socialist values supposed to keep it in power.

Serbs face choice between two brands of nationalism

By Laura Silber in Belgrade

YUGOSLAVIA'S Prime Minister, Mr Ante Markovic, has called on Serbia, the country's biggest republic, to vote for a new, pro-Europe Yugoslavia in next Sunday's elections which will mark the end to one-party Communist rule.

"It is not necessary to destroy Yugoslavia in order to get the chance to rule... but to build on reforms to compose a new Yugoslavia which will stay together and join Europe," Mr Markovic told a packed auditorium on Wednesday night.

However, his appeal is likely to go unheeded by most of Serbia's 6.8m voters in elections which pit nationalists against Communists.

Serbia must choose between the Communist (renamed Socialist) party, and its leader Mr Slobodan Milosevic, or the far right-wing Movement for Serbian Renewal party, led by Mr Vuk Draskovic. This party is seen as the only one capable of ousting the Communists after their unbroken 50-year hold over Serbia.

The campaign, in which 52 parties are competing for the presidency and the parliament, has failed to address economic issues despite the fact that the republic's heavily-subsidised industry is virtually bankrupt and the budget deficit was increased in order to buy votes.

Mr Milosevic – ahead of Mr Draskovic in the latest polls – is expected to gain support from Communists, from workers who fear that a market economy will leave them without jobs, and from those who fear a victory for Mr Draskovic will lead the republic into civil war. Mr Draskovic has said he would re-draw Serbia's borders to include parts of neighbouring Croatia and Bosnia-Hercegovina.

Mr Milosevic came to power in 1987 by promising that his brand of nationalist communism would restore Serbia's injured pride. Serbs harbour deep grievances that their political role in the Yugoslav federation was stunted under President Tito – precisely in order to contain the republic's territorial ambitions.

Moreover, Mr Milosevic won great popularity as the first leader who promised to shake up the ossified and privileged party bureaucracy, to restore Serbia's authority over the two provinces of Kosovo and Vojvodina, and to take up the plight of the 200,000 Serbian minority in Kosovo, where Albanians are a majority. Serbs have repeatedly accused the Albanian majority of discriminating against the Serbian minority.

But the costs of Mr Milosevic's policies have been high. Scores of ethnic Albanians in Kosovo have been killed during protests against Serbia's forcible reintegration of the province into Serbia. So intense is the resentment towards Mr Milosevic's control over the province that the 1.8m Albanians have decided to boycott the elections.

The parties representing the 400,000 Hungarians and the non-Serbian minorities in the northern province of Vojvodina, which was also reintegrated into Serbia, have managed to form a united platform against the Communists.

On the eve of the elections, Serbia is now isolated from Yugoslavia's western republics and condemned by the western governments because of human rights violations in Kosovo. But ironically, by encouraging nationalism, the Communists of Serbia can be credited for catapulting Yugoslavia into a new era fraught with uncertainties about its ability to remain a single state.

Hostage gesture points to search for face-saving way out for Saddam

By Tony Walker in Dhahran and **Lamis Andoni** in Amman

PRESIDENT Saddam Hussein's decision to free all western and Japanese hostages tends to confirm what has been whispered in Middle East capitals for the past several weeks – that the Iraqi leader is seeking a face-saving way out of the predicament he finds himself in over Kuwait.

Mr Saddam's gesture is widely seen as an attempt to improve the climate ahead of talks in Baghdad later this month with Mr James Baker, the US secretary of state.

The Iraqi leader appears to have timed his decision so that the hostage issue will not obstruct his apparent strategy of transforming talks with the Americans into a first phase of negotiations covering all the region's problems, including the Arab-Israeli conflict.

Mr Saddam secured the support of his main allies for his strategy at a meeting in Baghdad earlier this week attended by King Hussein of Jordan, Mr Yassir Arafat, the Palestine Liberation Organisation chairman, and Mr Ali Salem al-Baidh, Yemen's vice president.

The trio have promised to rally Arab support behind Iraq's negotiating position, while Mr Saddam is believed to have pledged that he will insist that the Palestinian question will top his own agenda in talks with Washington.

The Iraqi leader is reliably reported to have told his allies that he would accept a compromise on Kuwait if the US were prepared to endorse the idea of holding an international peace conference on the Middle East. President Saddam is expected to up the ante by demanding that a date be set for such a conference.

PLO officials fear that the UN could approve a resolution suggesting such a conference, but in a vague resolution which would preempt Iraqi demands for a fuller US commitment while holding up a peace process in the Middle East.

The officials also believe that the US could allow a resolution to pass which would suggest a conference, but one which would fall short of satisfying Palestinian and Iraqi demands for a clear commitment to a meeting in which the PLO would be represented.

Mr Jamil Hilal, director of the PLO's information department in Tunis, said yesterday he saw little new in qualified US support for such a meeting. He noted that the US had previously used the terms "properly structured" and "at the appropriate time" in reference to the proposed peace conference, but remarked: "At the appropriate time means at a time the Americans choose. Properly structured means excluding the PLO on an equal footing.".

Washington, according to Iraqi and Palestinian officials, is trying to shore up the alliance against Baghdad by preventing a potential rift among them over the Palestinian issue, particularly since the Soviet Union and – particularly – France have been pushing for a settlement of Israeli-Arab conflict.

However, whatever diplomatic movement the hostages' release may have set in motion, western and Arab officials caution against expecting any quick and dramatic progress towards a peaceful resolution of the crisis.

While Mr Baker indicated in statements this week to congressional leaders that, if Mr Saddam withdraws totally from Kuwait, the US would not attack his forces inside Iraq, there was no corresponding commitment to ease economic pressures.

Mr Saddam would no doubt seek undertakings about the removal of the stranglehold on Iraq before withdrawing from Kuwait, but equally the US and its allies can hardly afford to allow the Iraqi leader to emerge from the crisis without penalty.

If war is avoided, and this is by no means certain, the West is likely to find itself involved in a "several stage process" including first the liberation of Kuwait and restoration of the legitimate government, followed by steps towards setting in place regional security arrangements to prevent a fresh crisis erupting – each step corresponding to demands contained in the 12 UN resolutions so far passed since the crisis began.

A French formula, advanced as far back as August, might emerge as the basis for a comprehensive settlement. France envisaged then an Iraqi withdrawal, followed by moves to convene a peace conference to deal with regional disputes, including the Palestine question, to be followed by a process of disarmament throughout the Middle East.

But officials acknowledge these are highly complex, interlocking aims and that the Middle East is unlikely ever to lend itself to neat solutions of its many problems. They also believe that Mr Saddam will engage in a process of brinkmanship to the bitter end.

There is, they say, plenty of scope for things to go wrong in a region where the worst case scenario often seems to prevail. But, as one Western ambassador said: "Once the two sides (Iraq and the US) are engaged in talks, the pressure to keep talking will remain strong."

Talks yes, but no deals, says Washington

By Peter Riddell, US Editor, in Washington

THE BUSH administration is still hoping for a peaceful solution to the Gulf crisis, but it is not prepared to accept a negotiated compromise.

Just as Washington was never gripped by war fever in the first two months of the crisis, so now the White House is taking a sceptical view about all the talk of deals.

President George Bush made clear late yesterday in Santiago, the Chilean capital, that while there were diplomatic contacts between the United States and Iraq, there were "no secret negotiations, direct or indirect, with Iraq over this question (the Gulf crisis) – none, and there will be none."

For the past week, since the UN Security Council resolution authorising the use of force was approved and the US proposed direct talks with Baghdad, there has been much speculation about whether Washington is seeking to offer President Saddam Hussein a way out.

Added to this is the reputation of Mr James Baker, the US Secretary of State, as a deal maker.

In public, the administration has been uncompromising, ruling out negotiations either on the UN resolutions (insisting on full compliance) or on related matters such as the Palestinian question or Lebanon. It believes that only by credibly threatening force is withdrawal and a peaceful solution likely.

The stated aim especially of Mr Baker's proposed visit to Baghdad is to put over the stark message to President Saddam that either he complies with the UN resolutions or else he faces miitary action.

That in part reflects discussions by the foreign ministers of the five permanent representatives held in New York after the resolution was passed on November 29.

They apparently agreed that the Iraqi leader had not so far appreciated the unity of the international coalition and it would be desirable to convey that message directly.

Yet US officials were aware from the start that the proposal of direct talks risked Baghdad trying to embroil Washington in complex negotiations. That is why the US public line has been so firm and speculation about private signals has immediately been quashed.

Indeed, the Bush administration interpreted yesterday's announcement on the release of hostages as a sign that its strategy was succeeding rather than the start of a process of bargaining.

However, it may be more difficult to hold other members of the international coalition, including some in Europe, to that line.

It is also hard to find many private signals of reassurance for Iraq. Mr Baker has merely said that Iraq's only "reward" for complying with UN resolutions would be that the US and its allies would not attack – which would not have happened anyway in these circumstances.

He remarked that the carrot was that "if he gets out he doesn't get the stick". Implicitly, therefore, President Saddam can remain in power.

Insisting that Iraqi aggression must not be rewarded, the US has ruled out partial solutions, such as withdrawal from only some of Kuwait.

Disputes between Iraq and Kuwait about access to the Gulf and the oil field on their borders could be dealt with bilaterally after total withdrawal, and then only if the restored Kuwaiti government wants to do so.

Moreover, the US has said that, even if Iraq complies fully with the UN resolutions, the international community will have to deal with the problem of Iraq's military machine, its possession of chemical weapons and its nuclear programme through a continued arms embargo, further sanctions and non-proliferation agreements. This is not tough enough for the minority in the US who believe such issues must be faced now.

The US has been cautious about offering any fig leaf to Iraq on broader Middle Eastern questions. Mr Bush yesterday again ruled out any linkage between the Gulf crisis and the Arab/Israeli dispute.

All that the administration has done is to repeat its belief that once the immediate crisis is over there will be an urgent need to make a further effort to deal with the Palestinian question. But it is not prepared to make any prior commitments.

Similarly, there was some confusion early yesterday about reports that the US was backing a Security Council draft resolution calling for a Middle East peace conference.

Mr Baker quickly made clear that, while the US believed "an international conference, properly structured, at an appropriate time, might be useful", it was not now recommending such a conference, nor supporting a UN resolution to convene such a conference.

The US is seeking to amend the draft resolution to avoid any reference to an immediate conference since it does not want to use its veto, which would antagonise its Arab partners in the anti-Iraq coalition.

UN edges towards call for Mideast peace conference

By Robert Mauthner in London, **Quentin Peel** in Moscow and **George Graham** in Paris

INTENSE diplomatic manoeuvres at the United Nations yesterday could lead to the early adoption by the Security Council of a resolution recommending that an international Middle East peace conference be convened at an unspecified date.

That, at least, was the impression left by a number of western officials, in spite of an official denial by the US.

According to earlier reports, ambassadors of the five permanent members of the Security Council had reached agreement on the terms of such a resolution, which would satisfy, at least in principle, one of Iraqi President Saddam Hussein's main conditions for withdrawing from Kuwait.

Mr James Baker, the US secretary of state, in testimony to the House of Representatives Foreign Affairs Committee, later denied that the US would support such a resolution which, he said, would undermine Washington's consistent refusal to link the Gulf crisis with the Arab-Israeli dispute.

"This is certainly not an appropriate time for an international conference," he said.

Other officials, however, stressed that US refusal to back the resolution did not necessarily mean that Washington would veto it. Indeed Mr Baker, while denying that there had been any shift in US policy regarding a Middle East peace conference, stressed that Washington had long adopted the position that an international conference, "properly structured" and at "an appropriate time," might be useful.

The confusion about the US position had come about following reports that the non-aligned countries – Colombia, Cuba, Malaysia and Yemen – had agreed to include a mention of the conference in a milder text proposed by the US on the Israeli-occupied territories.

Though the US did not want to support the revised draft, it appeared anxious not to veto it because that might upset the alliance forged with a number of Arab states in response to Iraq's invasion of Kuwait.

Intense negotiations on a compromise text were continuing yesterday. A Security Council meeting to discuss the resolution was postponed until today.

A UN Security Council call for an international Middle East peace conference would certainly be in line with both Soviet and French policy, and might well have been a condition of Soviet support for the US-sponsored resolution allowing the use of force against Iraq, if it did not withdraw from Kuwait by January 15.

From the beginning of the crisis, President Mikhail Gorbachev and Mr Eduard Shevardnadze, his foreign minister, have put greater public emphasis than the west on the need to negotiate a comprehensive Middle East peace settlement, including the summoning of an international conference.

Though Mr Shevardnadze has been at pains to reject direct linkage of a peace conference to the Iraqi invasion of Kuwait, he has stressed that stepping up the pressure to hold such a conference would make a Gulf solution easier.

Mr Gorbachev and Mr Shevardnadze gave Mr Tariq Aziz, the Iraqi foreign minister, a rough ride when he came to Moscow last week, to counter any suggestion that Moscow was less than wholeheartedly supporting the allies' insistence on Iraqi withdrawal from Kuwait. But the pressure on the US for a peace conference has remained constant.

France, too, has taken an active part in urging the five permanent members of the Security Council to consider the issue on the basis of the draft resolution sponsored by the non-aligned members.

Earlier this week, Mr Roland Dumas, the French foreign minister, said it was "indispensable" for the international community to consider a global settlement one day for all the crises in the Middle East. He has, however, insisted that the Gulf crisis must be settled by the full implementation by Iraq of all the relevant Security Council resolutions before the other Middle Eastern conflicts can be discussed.

President François Mitterrand caused an international stir when he told the UN General Assembly in September that "everything would become possible" once President Saddam had made it clear he was willing to withdraw from Kuwait.

Congressmen make their doubts clear

By Peter Riddell

DEMOCRATIC Senator Paul Sarbanes from Maryland has a reputation as a quiet, earnest figure, certainly no oratorical star of the Senate.

But on Wednesday he was eloquent and emotional, at one point apologising for getting worked up, when he warned Mr James Baker, the US secretary of state, at a hearing of the Senate Foreign Relations committee, that the build-up of US forces in the region "almost takes you irresistibly down the path of going to war. I cannot say to a family that loses a son or a daughter in a conflict that may well take place in 60 or 90 days that we exhausted every possibility for a peaceful solution before this happened because the sanctions option has not been exhausted."

The bipartisan coalition of support for President George Bush's Gulf policy which existed up to early November has fractured.

Senator Sarbanes's doubts have been echoed by most Democratic senators and House members (including such influential, mainstream figures as Senator Sam Nunn, the chairman of the Senate Armed Services Committee) during the past 10 days of congressional hearings on the Gulf crisis. This includes a few Republicans, though most support the administration.

Most Democrats are worried that the combination of the near-doubling of the US military build-up, last week's United Nations resolution authorising the use of force, and the increasingly impatient statements of the Bush administration have put the US on a course for war early in the new year unless Iraq complies fully with the UN resolutions.

The resulting criticisms mean that the US does not speak with one voice, as Mr Bush would obviously like, and this undoubtedly undermines the credibility of the administration's threat to use force.

Indeed, there is a marked contrast between the unusually wide international support for the US position – at least for the threat of force, if not its actual use – and the deep divisions within the US about military action.

Parallels are inevitably being drawn with the Vietnam war, but this time only a tiny minority dispute the goal. As Congressman Les Aspin, the Democratic chairman of the House Armed Services Committee, pointed out, "the country is united on ends but divided on means".

Over the past 10 days there has been an absorbing public debate in the US about Gulf policy with every kind of current or former official and Middle East expert testifying before a series of congressional committees in nationally televised hearings. In spite of the tough line advocated by Dr Henry Kissinger, the former Secretary of State, the weight of evidence has gone against the administration – urging persistence with sanctions and caution about using force.

Particular Congressional doubts have focused on:

- Whether sanctions are working. Most Democrats believe they are having an impact on Iraq's economy, seizing on the evidence of Mr William Webster, the director of the Central Intelligence Agency, that the trade embargo was shutting off more than 90 per cent of Iraq's imports and 97 per cent of its exports and will have a growing impact on the Iraqi armed forces by next summer. Democratic Senator Joe Biden has accused the administration of "abandoning" its previous policy of letting sanctions put pressure on Baghdad.
- Scepticism about whether waiting would risk splitting the international coalition, as Mr Baker has warned. Senator Claiborne Pell, Democratic chairman of the Senate Foreign Relations committee, said the administration's rationale for urgency was "disturbing".
- Concern that Saudi Arabia and other Gulf states which have benefited from the rise in the oil price are not doing more to compensate Turkey, Egypt and eastern European states badly hit by sanctions and economic disruption.
- Widely held objections, both by Democrats and Republicans, that the US is having to bear a disproportionate share of the burden in terms of ground forces and potential casualties. Senator Pell commented that "our UN allies are more than willing to fight to the last American," a view repeated by several leading Republicans.

Israel worried by prospect of Saddam remaining in power

By Hugh Carnegy in Jerusalem

AS MOVES intensify to find a diplomatic way out of the Gulf crisis before war ensues, so disquiet has deepened in Israel over the prospect that President Saddam Hussein's Iraqi regime might escape intact.

The right-wing government of Mr Yitzhak Shamir insists it is not seeking to nudge the US-led alliance into war.

But ministers have made no secret of their desire to see Mr Saddam toppled and Iraq's formidable array of conventional and non-conventional weaponry – and particularly its nuclear programme – dismantled.

"Stability and peace in the Middle East are very hard to envision if Saddam Hussein remains with the weapons of mass destruction, the war machine that he has and is building," Mr Binyamin Netanyahu, the deputy foreign minister, said this week. "No country is more threatened by Saddam Hussein than Israel."

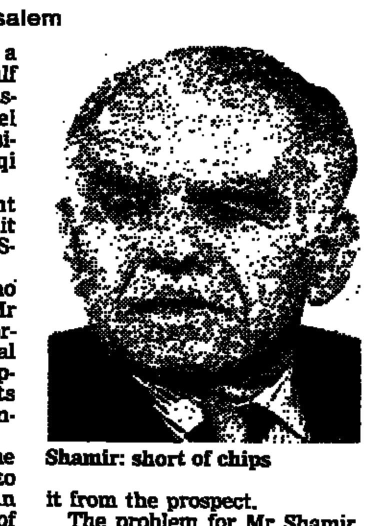
More than that, Israeli officials are deeply anxious that, for all the assurance that there would be no "linkage" between Iraq's occupation of Kuwait and the Israeli-Arab issue, an essential part of any peaceful settlement in the Gulf would be the stepping up of international pressure on Israel to make concessions to the Palestinians.

The frequently heard phrase is that Israel should not have to "pay the price" for any settlement.

So while most of the world has drawn some hope that developments over the past week might lead to the aversion of war, the Israeli government has instead begun to sound alarm bells about the dangers of making concessions to Baghdad.

It was uneasy about the Bush administration's decision to talk directly to the Iraqi government and was worried that Washington might go along with a UN Security Council resolution suggesting an international peace conference on the Middle East.

Israel remains implacably opposed to such a conference – regarding it as certain to be overwhelmingly biased against it – and to date has relied on US rejection to protect it from the prospect.



Shamir: short of chips

The problem for Mr Shamir, who will see President George Bush in Washington next Tuesday, is that he appears short of bargaining chips in seeking to assert his concerns.

The US has been appreciative of Israel's low profile during the Gulf crisis. But Mr Shamir's unyielding and repressive policies in the occupied territories have angered the Bush administration to the point where the two leaders have not even talked by telephone since February.

Israel is also in greater need of US financial assistance than ever before, to help it absorb a huge wave of Soviet Jewish immigration. Officials say the government will need US government guarantees to cover loans worth billions of dollars, a request Mr Shamir will be making of Mr Bush.

The clout that Israel undoubtedly still does hold lies in its military power.

"If anyone thinks that through some manoeuvre in the name of peace, [Saddam] will be able to continue to threaten with the aim of surprising Israel, he will find Israel ready, always, with its might, to destroy his security," said Mr David Levy, the foreign minister, this week.

Such a drastic move would involve such high military and political risks that it could well prove counter-productive. But as long as Israel believes its interests may be threatened by developments in the Gulf crisis, the more likely such fulminations will be heard.

Oil prices see further decline

By Steven Butler

OIL TRADERS yesterday interpreted the lastest events in the Gulf crisis to mean that prospects for peace and therefore ample oil supplies were brightening.

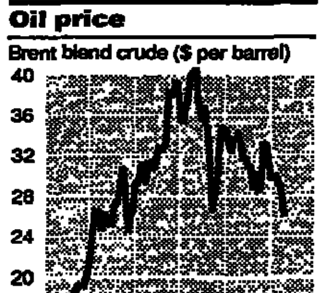
Yesterday's price fall was not as big as the decline of more than $3 a barrel which took place late on Wednesday evening, after the US confirmed that Iraq had officially accepted US proposals for high-level talks.

Prices for North Sea Brent oil were propelled about $1 lower to about $26 a barrel yesterday by the announcement in Baghdad that all hostages would be released.

Oil prices have soared since Iraq's August 2 invasion of Kuwait, topping $40 a barrel by late September as a result of both the cut-off of 4.3m barrels a day of Iraqi and Kuwaiti exports, and fears that Saudi Arabian oil exports could be disrupted in the event of war.

Meanwhile, the members of the Organisation of Petroleum Exporting Countries, led by Saudi Arabia, have boosted oil production much faster than generally thought possible.

Oil price



While most oil analysts had believed Saudi Arabia could not sustain production much above 7m b/d, it is believed to be producing well over 8m b/d.

As a result, nearly all the oil exports from Iraq and Kuwait have been replaced from other sources, although with somewhat lower quality oil.

The sharp rise in prices appears to have led directly to a decline in consumption, but slowing US economic growth has also had an impact.

The International Energy Agency, the Paris-based body which co-ordinates energy policy for 21 industrialised countries, forecast that oil consumption in the industrialised countries could decline by up to 4 per cent on a year-on-year basis by the third quarter of next year, assuming oil prices stood at $30 a barrel.

Therefore, barring any further disruptions to oil supplies, the world appears well equipped to cope with the loss of Kuwaiti and Iraqi production.

A senior oil company executive yesterday said a severe collapse in prices, to below $15 a barrel, was likely should a peaceful resolution to the Gulf crisis be found. According to this view, countries which have increased production would cut back only slowly, while Iraq and Kuwait would be anxious to get oil into the market quickly.

Even so, continuing chances that war may erupt have kept the oil market on edge, preventing a sudden fall in oil prices to pre-crisis levels of below $20 a barrel.

Major responds with caution

By Ivo Dawnay, Political Correspondent

MR JOHN MAJOR, the prime minister, yesterday greeted President Saddam Hussein's decision to free all foreign hostages in Iraq and Kuwait as "wonderful news".

But both the prime minister and Mr Douglas Hurd, the foreign secretary, insisted that Iraq must withdraw "totally and unconditionally" from Kuwait and its legitimate government must be restored for war to be averted.

In a cautious statement from Downing Street, Mr Major said: "I very much welcome the report about the hostage situation in Iraq and Kuwait which, if confirmed, will be wonderful news for the hostages themselves and their families who have endured so much.

"I would be even happier when they are actually back in the country, both those in Iraq and those still in Kuwait. It is something we have always pressed for from the beginning and this would implement just one of the steps of the UN Security Council resolutions."

In the Commons, Mr Hurd also welcomed the reports. But he added that the government was still seeking clarification as to when and how the estimated 1,100 UK nationals in the two countries would be let go.

"We are delighted for all the hostages and their families. They have suffered with great dignity and courage over the past weeks and months," he said. "In our view, Saddam Hussein should now implement in full the UN resolutions, withdraw unconditionally from Kuwait and allow the legitimate government to return to that country."

Despite Mr Hurd's welcome, foreign office officials said the government's advice to some 440 British citizens still in hiding in Kuwait was to remain under cover until further information was forthcoming.

Asked by Sir David Steel, the former Liberal leader, if the release would apply to those in hiding in Kuwait, Mr Hurd said the British embassy in Baghdad was seeking details of the release conditions.

He told the Commons that the implication of Mr Saddam's letter to the Iraqi Assembly was that the hostages would be allowed to leave immediately. But he added: "This has to be cleared up."

Responding for the opposition, Mr Gerald Kaufman, Labour's shadow foreign secretary, also welcomed the Iraqi move as "clear evidence" that sanctions were working. He went on to urge that they should be given a chance to work further.

WESTERN AND JAPANESE HOSTAGES

	Kuwait	Iraq
Britain	443	725
US	*700	
Japan	6	233
Italy	0	195
Netherlands	*133	
Canada	19	69
Switzerland	0	†80
Denmark	29	27
Australia	*21	
Norway	1	21
Finland	0	††9

** In both Kuwait and Iraq. † Approximate †† Minimum number.*

Almost 2m other foreigners remain in Iraq and Kuwait, mainly Egyptians, Sri Lankans, Indians, and Bangladeshis.

INTERNATIONAL NEWS

Indians arrest 2,000 Hindus at temple site

NEARLY 2,000 Hindus were arrested yesterday as saffron-clad, slogan-shouting activists marched towards the barricaded Babri mosque in Ayodhya, northern India, where they are trying to begin work on building a temple to the god Ram at the same site, Arvind Bhist writes from Ayodhya.

They were stopped by more than 8,000 armed paramilitary forces and policemen and prevented from entering the mosque. Unlike the first attempt a month ago, when more than 20 people were killed in police fire, security forces used no force and the Hindu volunteers did not attempt to provoke them.

However, some march leaders claimed that about 25 Hindus sneaked through the barricade and entered the mosque, where they performed a symbolic act of building the temple. Police denied that such an attempt was made.

There was considerable tension in Ayodhya throughout the day. Towards the evening, small groups of Hindus and Moslems clashed briefly and one person was stabbed. Shops remained closed most of the day.

Bangladesh's new caretaker leader sworn in

GENERAL Hossain Mohammad Ershad, Bangladesh's military ruler for nearly nine years, yesterday handed over power to Mr Justice Shahabuddin Ahmed, the country's chief justice, who was the opposition's nominee as a neutral vice-president, Reazuddin Ahmed writes from Dhaka.

Mr Ahmed heads an interim government which is due to supervise parliamentary elections within three months. He told the leaders of opposition parties whose six-week campaign toppled Gen Ershad that he himself had no long-term ambitions and would go back to his judicial job after the three months.

The Bangladesh Nationalist Party and the Awami League will contest the elections. Mr Ahmed is likely to form a cabinet within a few days of ministers regarded as neutral.

Australia bays for blood of its fallen businessmen

High-profile entrepreneurs now under investigation, once cheered, are now jeered, writes Kevin Brown

AUSTRALIANS cheered when their high-profile entrepreneurs were taking on the world in the 1980s. Now many are baying for blood in the wake of corporate crashes which have cost at least A$5bn (£2bn) in lost equity and put a question mark over nearly A$12bn lent by the banks.

Mr Henry Bosch, former chairman of the National Companies and Securities Commission (NCSC), thinks it should both surprise and disturb Australians that society "magnified the paper entrepreneurs and made them grow into something far larger than they would otherwise have been". Some were given honours, many were lauded by politicians, and their success was often praised in the media.

"The Australian public far too often mindlessly chanted 'Come on, Aussie, come on'," said Mr Bosch.

In 1987, when the global stock market crash slashed asset values, it was only a matter of time before most of the over-borrowed entrepreneurs went out of business.

But it has taken some time for the lesson to sink in that it may take years to remove the blemishes from Australia's tarnished international image.

As Australia sinks into recession, the excesses of the 1980s are beginning to look obscene and opinion is running strongly in favour of stiff punishment for anyone convicted of corporate crimes and much tighter regulation in future.

The change of heart has been led by business leaders such as Sir James Balderstone, chairman of the AMP Society, Australia's biggest institutional shareholder, who echoed President George Bush's comments on the treatment of US corporate criminals: "Throw the crooks in jail."

Newspapers have joined the crusade. The Australian Financial Review, in a recent editorial, said there were "plenty of Australian candidates" for a sentence of the order of the 10-year prison term handed down to Mr Michael Milken, the US junk bond financier.

Even Mr Paul Keating, the federal treasurer (finance minister) whose deregulation of the financial system is blamed by some for the loose money which fuelled the entrepreneurs, is getting in on the act. He says the tight-money regime he is now operating is "de-spivving" Australia.

The NCSC was unable to police corporate regulation properly because of its inadequate funding of just A$8bn a year, combined with a constitutional provision which forced it to put prosecutions in the hands of the various state and territory corporate affairs commissions.

"Inevitably this system increases delay and reduces the likelihood of prosecutions being launched. The chance of prosecutions being conducted successfully in some very complex cases revealed in some recent collapses is small," the commission said in its recent annual report.

Both problems will be largely corrected by the establishment from January 1 of the Australian Securities Commission (ASC), a replacement for the NCSC, which will have the force of federal law and a budget of A$107m.

Mr Tony Hartnell, the ASC chairman, said he plans to use the courts as part of a "resolute effort" to restore Australia's reputation, and has announced plans for 16 major investigations.

The federal government has announced plans to tighten the law governing the behaviour of directors of public companies, the Australian Stock Exchange has proposed tighter disclosure rules for listed companies, and Western Australia has announced a Royal Commission into alleged corrupt links between government and business.

Many problems remain. The effectiveness of the ASC is likely to be reduced in the short term by the refusal of Western Australia to pass the necessary enabling legislation to allow federal law to operate in the state.

This decision, which arises from an impasse between the state's political parties, means the ASC will not have full legal powers in Western Australia, and up to 20,000 companies operating on both sides of the border will have to comply with two companies codes.

There are also fears that the legislation establishing the ASC will be flawed because of the haste with which it was drafted after a compromise agreement between the federal government and most of the states on the commission's powers.

MR George Herscu, the former head of Hooker Corp, a collapsed Australian property and retail group, was found guilty of corruption yesterday, Reuter reports from Brisbane. Charges related to a A$100,000 (£40,000) payment made in 1983 to Mr Russ Hinze, then a Queensland state cabinet minister. The prosecution said the money was paid to encourage Mr Hinze to assist with political favours. Sentence is today.

MR Robert Philpott, a prominent New Zealand businessman, was yesterday jailed for two years, writes Terry Hall in Wellington. He was chief executive of Cory Wright and Salmon (CWS), an importer of executive jets and equipment manufacturer placed in receivership in 1988. He was found guilty of making false entries in accounts, falsely reporting to the stock exchange the sale of 5m shares, and one charge of forgery.

Settlement of Angolan war in sight

By Michael Holman, Africa Editor

AN END to Angola's 15-year civil war seemed in sight last night following the announcement by Mr Jonas Savimbi, leader of the Unita rebel movement, that he would sign a ceasefire if the government accepted a multi-party system.

A combination of external mediation, war-weariness, and the changed regional and international political climate, has pushed both Unita and the ruling MPLA party towards compromise.

Mr Savimbi's statement, made at a news conference on Wednesday at the rebel headquarters in Jamba, southern Angola, came as a special congress of the country's ruling MPLA party was preparing to endorse proposals for radical economic and political change.

"If they (the government) approve the multi-party system now . . . what we do is sign a ceasefire," Mr Savimbi said. He reiterated his call for international forces to monitor a ceasefire, a condition so far opposed by Luanda.

ANC supporters march in cities

About 15,000 supporters of the African National Congress yesterday marched through the streets of Johannesburg and Pretoria to demand that a multi-racial interim government be set up to govern South Africa while a post-apartheid constitution is negotiated, Patti Waldmeir writes from Johannesburg.

The demonstrators, singing, dancing and waving flags of the ANC and the closely-allied South African Communist Party also called on the government to establish a directly elected constituent assembly to draw up a new constitution.

World Bank to lend extra $4bn

The World Bank is likely to lend an extra $4bn over the next two years to help developing countries suffering the impact of the Gulf crisis, according to World Bank officials, Stephen Fidler writes.

The amount, in enlarged programmes and accelerated disbursements, will cover the almost 80 countries affected.

OBITUARY

Malaysia's first PM Tunku Abdul Rahman dies, aged 87

TUNKU Abdul Rahman Putra ibni Almarhum Sultan Abdul Hamid Halim Shah was his full name and title. He was known throughout the world as simply The Tunku – The Prince.

He lived fast, became Malaysia's first prime minister and, later, father of the nation. He was often controversial, sometimes unpredictable but always immensely popular and respected – except by the most severe and least humorous of his political opponents.

He was born on February 8, 1903, the 20th of his father's 45 children. His mother was the sixth and favourite of eight wives. "Of course, my father only had four wives at any one time. That is what was allowed," he said. In so far as the young Tunku went to school at all in the early days, it was to Penang Free School. "When I was young, I didn't go to school. I was taken there but I used to run away," he said.

He reformed in time to win a scholarship to St Catharine's, Oxford in 1922, but truancy and a love of leisure remained dominant influences. He passed his bar examinations only when he was 45, fast cars, horse racing, and other attractions getting in the way before then.

His passionate devotion to association football (he played inside right for St Catharine's) later led to occasional acts of truancy from Commonwealth prime ministers' meetings – particularly if the meetings were in London, Chelsea were playing at home, and the conference subjects under discussion did not seem greatly to affect his people.

He was one of an increasingly rare breed of politician who stumbled into government by chance, took to leadership with the ease born of privilege, charmed both colleagues and opponents and relied heavily on instinct.

He was chief minister of Malaya from 1951 until becoming prime minister in 1955. Malaysia's independence from Britain two years later was not easily negotiated, but it was achieved without lasting rancour and without a single Malay leader spending even a night in jail. "I fought the British. I was not frightened of them. But when it was all over they became my friends," he said, being an anglophile at heart.

The Tunku cared deeply about the Commonwealth and about the principles of independence agreed with the British, which is why in his later years he became a bitter opponent of Dr Mahathir Mohamad, the present prime minister, whom he accused of turning Malaysia into a police state.

"He is going against all the promises we made at independence to make this country a democratic, parliamentary state with a constitutional ruler. I did not think that any member of our party would ever resort to this," the Tunku said in 1987, referring to the use of the Internal Security Act to detain more than 100 people without trial, the banning of three newspapers including the Star, of which the Tunku was chairman, and the introduction of draconian press laws.

The official reason for those measures was to reduce racial tension between the Malay and Chinese communities, and to prevent a recurrence of the communal riots in 1969 when the Tunku said, weeping: "It is, perhaps, the saddest day of my life." He resigned as prime minister the following year.

In 1971 he established the 45-nation Islamic Conference Organisation, based in Jeddah, Saudi Arabia, becoming its first secretary general in 1971. He was a devout Moslem who worked hard as head of the Moslem Welfare Organisation. But that did not mean he approved of all the religion's strictures: he gave up neither his brandy and soda nor his Gold Flake cigarettes.

When two men were jailed in Kelantan state for drinking alcohol, he sent their families 6,000 Malaysian ringgit (£1,350) each. "Islam should be about helping one another, bringing people together, the rich assisting the poor, doing things for the good of all people and carrying out welfare work among the Moslem minorities," he said.

He was a journalist's delight. Reporters used to stop his car anywhere in town and he would give impromptu roadside news conferences. A few days after he expressed support for the American bombing of North Vietnam, a reporter asked him to elaborate. The Tunku replied: "I'd better not. The Cabinet just criticised me. They said we would lose support among the Afro-Asians." But no one printed that remark, for the press liked him so much they protected him.

The Tunku was a staunch anti-communist, his maxim being: "Never trust a communist. Once a communist always a communist. They will destroy us."

The late Indonesian President Sukarno was a hero to him until he launched his confrontation with Malaysia in 1963. A broken-hearted Tunku said he could never understand why Sukarno had done this, and the huge picture of Sukarno in the hall of his residence came down.

In his later years, his eyesight faded and increasingly severe back problems confined him to a wheelchair. But whether through his acerbic and influential newspaper writings, or through the private counsel he gave to the unending stream of visitors, Tunku Abdul Rahman remained a central figure in Malaysia to the end.

AMERICAN NEWS

Austerity lifts Argentine state companies' figures

By John Barham in Buenos Aires

ARGENTINA'S largest state-owned companies have substantially improved their financial and commercial performance in the first three quarters of this year, a federal government report shows.

The government's 12 largest companies have reduced their overall borrowing requirements by 57 per cent to $1.72bn in the first nine months of the year, while sales grew by 10 per cent to $7.63bn. The companies reported an operating profit of $572m, in place of an operating loss of $664m in the equivalent period of 1989.

Argentina's ailing state companies have been the principal drain on government revenues for decades. Their improving performance is reflected in sounder public finances and declining inflation rates, as the government resorts less to the mint's printing presses to finance their losses.

President Carlos Menem's government has undertaken an aggressive privatisation policy which will shift most of the companies listed to private ownership. Two of them – the ENTel telephone service and national airline Aerolineas Argentinas – were privatised last month. The government has chosen to administer the companies on an emergency basis, rather than inject new capital to prepare them for privatisation.

Thus the dwindling losses are more the result of a sharp rise in monopoly prices, combined with tough employment and spending cuts, rather than an improvement in efficiency.

Purchases of inputs and raw materials fell by 7.4 per cent to $5.12bn, while investment remained almost unchanged at $1.5bn.

The strict cash limits have made the state companies notoriously unreliable customers, not honouring debts to public and private sector suppliers. The government has decreed that public sector debts outstanding in March will be compulsorily refinanced with 10-year bonds.

Officials have begun winnowing to renegotiate "unreasonable" claims on the public sector before issuing the bonds. Mr Saúl Bouer, Treasury Secretary, says the net debt may run to $6bn. Other officials say the final figure could be far lower, since suppliers are suspected of much padding of their invoices.

Suit filed against sale of MCA to Matsushita

By Louise Kehoe in San Francisco

AN anti-trust suit has been filed in the US against Matsushita in a bid to scuttle the Japanese company's acquisition of MCA, the Hollywood-based entertainment group.

The suit – filed in Arizona by Go-Video, a US manufacturer of video-tape recorders – charges Matsushita with conspiracy with other Japanese companies to monopolise the US consumer electronics market. An injunction to prevent the acquisition of MCA by Matsushita is sought.

The move reflects growing sentiment in the US against Japanese acquisitions of US companies. It attacks alleged collusion between big Japanese companies to eliminate non-Japanese competition.

"What Matsushita can't copy they buy – Hollywood. We're not going to take this any longer," said Mr R. Terren Dunlap, Go-Video chief executive officer.

Go-Video alleges that Matsushita has conspired with Sony and other Japanese consumer electronic manufacturers unlawfully to restrain trade in the market for television sets, VCRs and audio equipment. To entrench their monopoly positions in the hardware industry, Matsushita and its co-conspirators are trying to monopolise and unlawfully to restrain trade in the market for films, TV programmes, and video and audio recordings, Go-Video claims.

Mr Joseph Alioto, a prominent San Francisco attorney who is representing Go-Video, said: "This is another example of Japanese industrialists embarked on a deadly, dangerous, 10-year programme to unlawfully control and dominate the economy of the US by the end of this century."

Mr Alioto, former mayor of San Francisco, has represented several US companies and individuals in legal battles with Japanese companies.

The anti-trust complaint alleges that Matsushita and other Japanese companies have shared patents to the exclusion of all outsiders, particularly Americans, and conspired to fix prices among themselves and through their distribution chains.

Noriega tapes to go public says CNN

THE US television service Cable News Network has decided to allow court transcripts of its tape-recordings of telephone conversations involving General Manuel Noriega to be made public, without further legal battles, the network and its attorney said yesterday, AP reports from Miami.

Judge William Hoeveler, presiding over the trial in Miami of the Panamanian former ruler on drug-trafficking charges, ruled that the transcripts could be released yesterday, unless CNN decided to take the case to a higher court.

CNN's lawyer said it had decided not to appeal, adding that its main concern had always been to protect its confidential source.

CORRECTION

Antigua

IN an article published by the Financial Times yesterday, the Caribbean state of Antigua and Barbuda was erroneously described as a British dependency. It acquired independence from Britain on November 1, 1981.

S&L rescue cost 'to raise budget deficit to $320bn'

By Michael Prowse in Washington

THE rapidly rising cost of the bail-out of the savings and loan industry in the US will raise the headline federal budget deficit to $320bn in 1991, compared with $277bn this year, the Congressional Budget Office reported yesterday.

However, provided the spending caps imposed in the budget agreement in October are honoured, the total government deficit, including social security and other trust funds now classified as off-budget, will rise to only $252bn next year, compared with $220bn in 1990. This is because the social security fund is moving rapidly into large surplus.

The increase mainly reflects the higher cost of the savings and loan rescue, which rises from $58bn in 1990 to $91bn next year. Most the extra cash is needed to close or subsidise the sale of hundreds of insolvent thrifts (S&L bodies).

The CBO warns, however, that deficit figures, including the costs of the thrifts bail-out, are economically misleading. Borrowings on account of bankrupt thrifts do not put increased pressure on interest rates because the cash is redeposited in new accounts or reinvested in earning assets.

The best economic measure of the budget deficit includes social security and excludes the bail-out costs. On this basis, the CBO estimates the deficit will be $162bn next year, unchanged from 1990.

The CBO – an independent advisory body for Congress – is optimistic that all measures of the deficit will decline over the next five years, as foreshadowed in the October agreement between the White House and Congress.

The headline deficit is expected to fall from a peak of $337bn in 1992 to $143bn in 1995. The deficit, including both the social security surplus and the costs of the thrift bail-out, is projected to fall to $29bn in 1995. The deficit, including the social security surplus but excluding the thrift costs, falls to $58bn – a smaller reduction because the thrifts rescue is expected to generate revenue in 1994 and 1995.

The CBO's analysis thus supports the White House's claim that the budget agreement will bring about a large reduction in the deficit in the medium term. The best economic measure of the deficit (including social security but excluding thrifts) falls from about 3 per cent of GNP in 1991 to less than 1 per cent in 1995.

Haiti edges towards credible poll

Many still fear violence that halted 1987 vote, writes Canute James

WITH help from its Caribbean neighbours, from the UN and not least from astute electoral officials, Haiti's tortured efforts at its first credible elections for more than three decades seem set to bear fruit.

In spite of violence on Wednesday night that claimed seven lives and injured 52, the threat that voting, scheduled for December 16, will be disrupted is still being discounted. The parties have been campaigning and most of the estimated 3m voters have been registered.

Since the overthrow of President Jean-Claude Duvalier in February 1986, Haiti has had several governments headed by army generals, an election of dubious integrity which installed a short-lived civilian government, and currently an interim administration, led by Mrs Ertha Pascal-Trouillot, whose mandate is to take the country through the election.

It has been the powerful rump of Duvalierism, representing the radical right and acting with the army, which has frustrated most efforts at political change.

In an effort to stem the continuing instability which they feared could affect the region, Haiti's Caribbean neighbours and the UN have been helping with the election.

It was, however, Haiti's electoral council which deftly diffused a threat to the elections. Among the aspiring candidates who were not accepted by the council was Mr Roger Lafontant, a former interior minister in the Duvalier dictatorship, and who is widely associated with the murder of 34 people that forced the abortion of elections in 1987.

Mr Lafontant also headed the *tontons macoute*, the dreaded praetorian guard of the Duvalier dynasty and which, although officially disbanded, reappears too frequently for the comfort of most Haitians.

Father Aristide: From the pulpit to the palace?

Mr Lafontant returned to Haiti from exile earlier this year. The government issued a warrant for his arrest, but so powerful is his support that he appeared in public with impunity, was elected to head the neo-Duvalierist, ultra-right party, and later said he would be a presidential candidate.

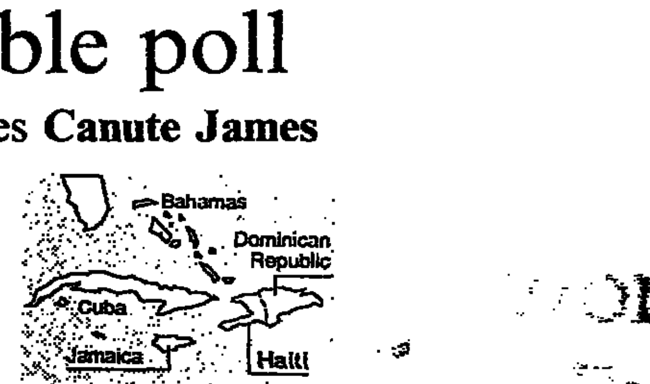
Under Haiti's post-Duvalier constitution, former functionaries and zealous supporters of the dictatorship are barred from standing for public office until after 1997. When Duvalierists were rejected by the electoral council in late 1987, thugs razed the council's offices.

This time Mr Lafontant was rejected, not because of his Duvalierist connections, but because his application did not include his birth certificate. His rejection on this technicality, and that of other non-Duvalierists, has left him without a credible complaint.

He says he will continue campaigning and will contest. Since his name will not be on the ballot, and candidates cannot be "written in", Haitians still fear a backlash from the tontons.

Three candidates have significant support. The most colourful is Father Jean-Bertrand Aristide, a Silesian priest whose advocacy of liberation theology has so ruffled the church hierarchy that he was removed from his urban parish two years ago and sent to run a boys' home. Fr Aristide has support from the many slums in Port-au-Prince, the capital.

Mr Louis Dejoie of the Industrial and Agricultural Party is receiving support in the south of the country, a stronghold of his father whose loss in the 1957 election to Mr François Duvalier was widely held to have been the result of fraud.



Then there is Mr Marc Bazin, a conservative and former World Bank technocrat who served for nine months as the dictatorship's finance minister, but who absolved himself in the eyes of Haitians by getting fired for a vain attempt to curb corruption in high places. Mr Bazin is getting support from his native north of the country, from the urban middle class, and is widely held to be the man the US would like to see installed as president next February.

The army, nurtured under the dictatorship, and which provided some of the country's leaders since, has said it will support the election and respect its outcome. Many Haitians have not forgotten that much the same was said in 1987 before senior officers looked on dispassionately as thugs murdered prospective voters.

Bush assures Chile on regional free trade

By Leslie Crawford in Santiago

PRESIDENT George Bush yesterday sought to reassure Chile that his Enterprise for the Americas Initiative was not simply "an empty slogan", and that he was serious about promoting free trade between the US and Latin America.

"The US Congress must be brought in as a full partner, but I want to shoot down now the idea that the US bureaucracy will block the initiative," Mr Bush said on arriving in Chile, on the latest leg of his one-week Latin American tour.

Chile – with a small, export-oriented economy – is a strong supporter of Mr Bush's initiative, which was unveiled in June. But it is disappointed that the plan has hardly left the drawing board.

President Patricio Aylwin and his Finance Minister, Mr Alejandro Foxley, told Mr Bush that negotiating a free-trade accord with the US remained one of Chile's top economic priorities.

Mr Bush said that a successful conclusion of the current round of Gatt talks would be the best way to remove trade barriers, but that he had also held a useful discussion with Mr Aywlin and Mr Foxley on ways to foster bilateral trade.

While Mr Bush was addressing the Chilean Congress in the port of Valparaiso, Mr Foxley and Mr Nicholas Brady, US Treasury Secretary, were talking in Santiago, the capital, on how to accelerate US-Chilean free trade negotiations.

Mr Foxley was also expected to canvass Mr Brady's support for a Latin American integration fund. This initiative came into being at an informal meeting of Latin American finance ministers in Chile last weekend.

The fund, financed by the World Bank and Inter-American Development Bank, would promote investment, economic restructuring and the harmonisation of trade policies in the region.

Mr Foxley explained that the aim was to create a common market similar to that of the European Community.

British Steel outlines strategy for investment in N America

BRITISH STEEL yesterday gave the clearest public indication yet that its long term strategy will include a significant investment in the North American steel industry, writes Charles Leadbeater.

Mr Martin Llowarch, the company's chief executive told a Commons select committee that the North American market was particularly attractive because of its size.

He told the select committee on trade and industry that British Steel had three long term priorities : to invest in its UK plants to maintain its market share, to establish a leading position in European markets in selected products and to expand into the US.

Mr Llowarch said :"The North American market is very big and we want to see to what extent we can get involved in it."

British Steel executives, led by Sir Robert Scholey, the company's chairman, were giving evidence to the committee's inquiry into the decisions to close the hot strip rolling mill at the Ravenscraig plant and the nearby Clydesdale tube works.

The two closures, which will lead to almost 2,000 job losses in the next year, have provoked considerable controversy in Scotland.

Sir Robert made a robust defence of the financial rational of the two decisions and the way the company had consulted its employees.

He said British Steel would keep its options open on whether it would sell the equipment in the hot strip mill for scrap after its closure next year.

Sir Robert said there was no question of the mill being sold to someone who would rebuild it elsewhere within the European Community.

The company will provide the committee with a confidential paper on the gains from economies of scale it will make by concentrating hot strip rolling at its two plants in South Wales.

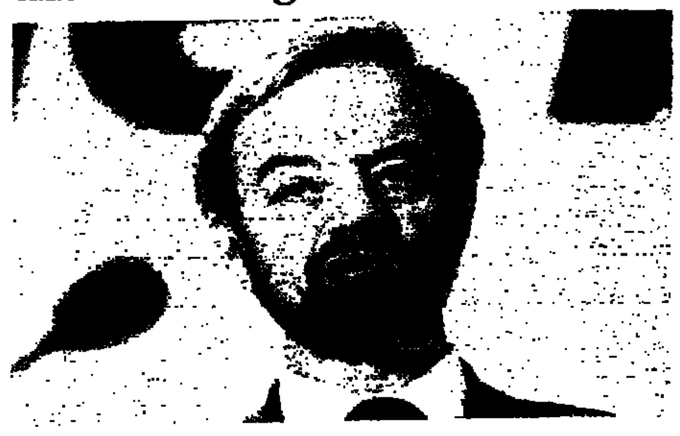
Specialists who have studied the Ravenscraig works estimate the savings could amount to about £100m a year.

Sir Robert said he had not provided the Scottish trade unions with commercially sensitive information about the economies of the closures because he did not believe they could guarantee the information would be kept confidential.

Mr James Cran, a Conservative MP, asked whether concern about leaks lay behind the decision not to give commercially sensitive information to Mr Malcolm Rifkind, the former Scottish Secretary.

Sir Robert replied : "It is not for me to comment on leakyness. After two weeks I find it very difficult to trust all sorts of people."

Labour launches health proposals and counters government reforms



The opposition Labour Party has launched the alternative to the government's health reforms on which it will fight the next general election. Its proposals – A Fresh Start for Health – state explicitly that Labour would "abolish the market in health care" on which next April's reforms are based. Mr Robin Cook, the Opposition spokesman on health (above), said that Labour would tackle the underfunding of the NHS and "redress the neglect of the past decade." Labour plans to allocate funds on the basis of performance agreements. Extra funds would be available to hospitals which "outperformed their agreed targets by delivering high activity levels in the priority areas" through a proposed system of flexed budgets.

Lamont renews support for hard Ecu alternative

Norman Lamont

By John Mason

MR NORMAN Lamont, the chancellor of the exchequer, yesterday told the House of Common that the government remained opposed to the imposition of a single European currency.

Speaking in the Commons chamber for the first time as chancellor, Mr Lamont re-affirmed his support for Britain's alternative – the hard Ecu.

Replying to a challenge from Mr Alan Beith, the finance spokesman for the Liberal Democrats who asked if there was any life in the government's proposals for a hard Ecu, Mr Lamont said the hard Ecu could, in time, develop into a single European currency.

He stressed, however, that this would depend upon the willingness of both the market and individuals to use it.

A number of other European countries, including France, were now expressing interest in the British proposal, he added.

In response to questions from opposition Labour MPs, Mr Lamont claimed that the evolutionary and market-driven approach of the hard Ecu would allow it be introduced according to the requirements of individual members of the European Community.

He told MPs an imposed single currency would lead to a degree of political integration that Europe was not prepared for. Greater economic convergence between European economies would be necessary before a single currency could be operated, the chancellor said.

He also underlined the government's determination to fight inflation following the change of prime minister.

"Of course the economic policies are to be the same. Bearing down on inflation remains the top priority of this government," he said.

Challenged by Mr John Smith, the finance spokesman for the opposition Labour party, on how the government would respond to possible increases in unemployment and company bankruptcies caused by the recession, Mr Lamont said the government remained opposed to helping businesses by relaxing fiscal policy.

EMPLOYERS' ASSOCIATION AND FT SURVEY OF DISTRIBUTIVE TRADES

Retail sales growth slows to virtual halt

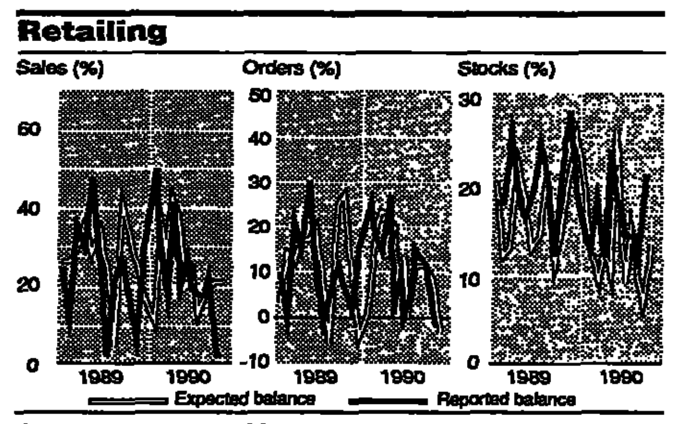
By Rachel Johnson, Economics Staff

THE GRIMMEST-EVER survey of the UK's distributive trades yesterday showed that the recession has brought retail sales growth to a virtual halt and is now biting into high street jobs.

The results of the latest survey by the Confederation of British Industry, the employers' association, and the Financial Times describe the worst business conditions for seven years for Britain's retailers, wholesalers and motor traders.

Trading conditions in the retailing sector have been deteriorating since April.

In November, however, retailers reported sales growth was the lowest for seven years, although their expectations of a busy Christmas provided one bright spot in an otherwise gloomy picture provided by the survey results. The CBI said there was "some confidence in the outlook for Christmas trade, particularly for lower-priced items."



Extremely tough business conditions had forced companies to lay off staff, with the result that employment levels were lower this November than last November for the first time on record.

Motor trader job losses were at a six-year high and employment continued to fall in wholesale businesses.

Mr Nigel Whittaker, chairman of the CBI's distributive trades panel, said: "This is the fastest rate of decline in employment we have seen."

The picture does not brighten over the next three months, with all sectors expecting conditions to worsen further over the next three months and retailers reporting their first fall in business confidence for a year.

Investment intentions are at an all-time low, with the survey showing that all distributors expect to authorise less capital expenditure over the next 12 months than over the last year.

"Short term business prospects into 1991 are not very encouraging, with companies taking a firm line on controlling their cash flow and their capital spending," he said.

Depressed domestic demand as a result of the prolonged period of high interest rates had two encouraging results. Companies' ability to pass on higher prices had been limited, resulting in the lowest rate of price increases for four years.

Stagnant demand had also kept down import levels in the wholesaling and retailing sectors.

Britain's bankers propose voluntary code of practice

BRITAIN'S lenders and plastic card issuers responded to criticism of their practices yesterday by proposing a banking code to clarify their customers' rights, writes David Lascelles.

The 23-clause code sets out standards for "good banking practice" in the areas most frequently singled out for complaints: bank charges, confidentiality, credit marketing, and responsibility for losses on misplaced or stolen cards.

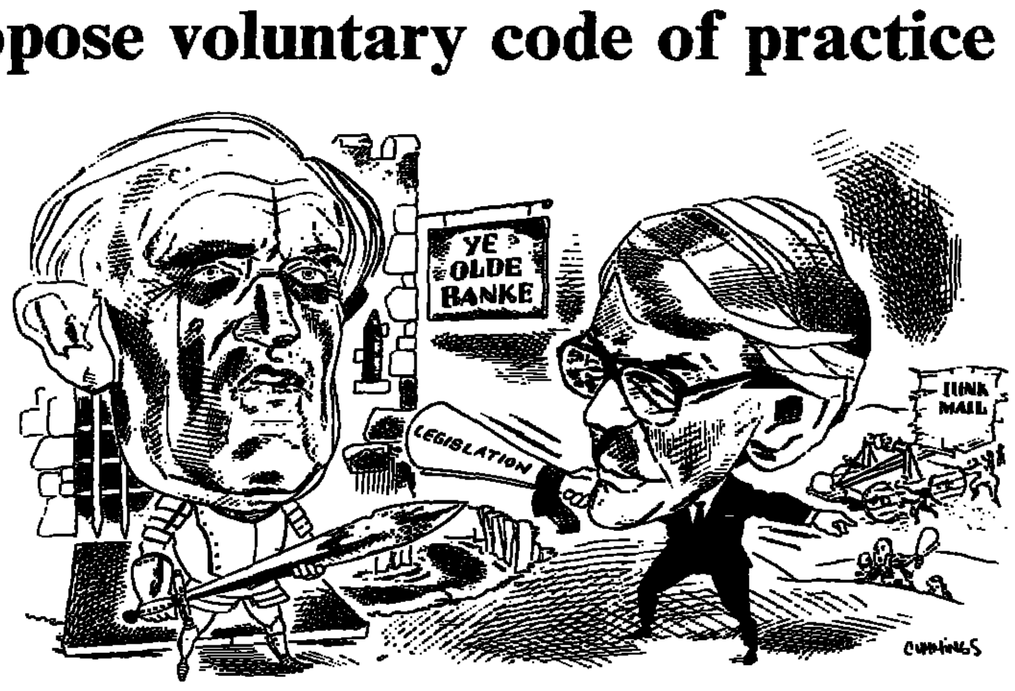
It was immediately welcomed by Mr John Marples, the Economic Secretary to the Treasury. "I am particularly pleased that they are giving their customers the chance to comment on the code in draft - it is the customers after all that the code is all about," he said.

The main features of the proposed code are: more clarity on bank charges; a limit of £50 on customers liability on lost or stolen cards; care to be shown when marketing credit to young people; no indiscriminate use of direct mailing.

The document also contains a glossary of everyday banking terms.

Although the code refers to banks, it will also apply to building societies and issuers of plastic cards, notably the large high street retailers. Trade groups representing these sectors were involved in the drafting.

Sir George Blunden, the former deputy governor of the Bank of England, who chaired the committee, said he believed the draft created an acceptable balance between the interests of banks and their customers. But he also stressed it would probably mean little change to the way banks conduct themselves.



Sir George Blunden (left) hopes his code will deter an assault by John Major

Moderation enshrined in coded message

David Lascelles examines the non-radical approach adopted by British bankers

SIR George Blunden, the former deputy governor of the Bank of England who headed the team which drafted the new banking code, gave a warning when he launched the document yesterday.

It will probably disappoint people, he said, because it contains nothing that is startling. In fact, from the banks' point of view, "it won't mean much change at all".

Whether this turns out to be a strength or a weakness will emerge over the coming months when the 36-page draft with an accompanying commentary will be circulated in government, and among banks and consumers.

The banks will be pleased because the code's non-radical tone confirms what they have claimed all along: that their practices are sound and fair. But the banks' critics, who included Mr John Major when he was still Chancellor of the Exchequer earlier this year, may want to see something tougher. Excessive lending, hidden charges and poor handling of complaints are all sore points.

The code is a voluntary exercise by UK banks, building societies and big retailers to clarify the rights of users of banking and credit services. It was proposed in response to the 1989 Jack Report on banking services which called for a statement of best practice, but the threat of legislation was always in the background if the banks did nothing.
Demands for a code intensified during the heady days of the late 1980s, when the high pressure marketing of credit, particularly to young people, became a big political issue.

Mr Major himself rebuked the banks and complained about the time it was taking them to get the code together.

Sir George said yesterday that the code was not designed specifically to meet the problem of excessive credit, or the mood of the moment. "We want a code that can last a long time," he said. "We are not concerned with current economic circumstances."

Many of the code's 23 clauses aim to clarify consumers' rights on fairly basic matters like bank charges, customer confidentiality, handling of complaints, data protection, and even what happens to out of date cheques.

A typical clause, on bankers' references, reads as follows: "Banks will on request: a) advise customers whether they provide bankers' references or bankers' opinions in reply to status enquiries made about their customers; b) explain how the system of bankers' references works."

Despite Sir George's disclaimer, the code does address current concerns about credit marketing. Clause 9 says "Banks will act responsibly and prudently in marketing and advertising ... Particular attention will be paid to applications from young people for credit with the aim of preventing them from over-committing themselves."

Another clause pledges the banks not to use direct mail indiscriminately and to exercise restraint with minors.

But one area where the banks plainly do not intend to yield ground is over automatic debiting of bank charges to customers' accounts. The code rejects suggestions that customers should be advised in advance what their bank charges are likely to be as too complicated and costly.

The draft, however, does commit banks to greater transparency in their charges. It also recognises that many people do not understand how the clearing system works, and that customers may need more information about the time it takes to clear cheques.

The largest section covers plastic cards, an area which has seen the biggest changes in recent years, but where complaints are also most frequent. This is also the area of lending which includes the main non-bank providers of credit, the high street retailers. Mrs Elizabeth Stanton of the Retail Credit Group which helped draw up the Code said her group members accounted for about 80 per cent of the store cards issued.

The main provision here is to limit a cardholders liability to £50 for charges made on a lost or stolen card. But Sir John Quinton, the chairman of Barclays, the largest UK card issuer, stressed that this will not apply where people have acted fraudulently or negligently. And negligence, he said, would include cases where people wrote their personal identification numbers (PIN) on their cards.

Although the banks are encouraging people to comment, Sir George said his committee had gone over the ground so thoroughly that he doubted that there would be major amendments. "We think we have a very balanced code between the interests of the banks and their customers."

When the code is promulgated, it will be up to individual banks, building societies and stores whether they adopt it. The great majority are expected to.

For the banks and building societies the code will operate in conjunction with their respective Ombudsman schemes.

Energy department may be abolished

By Alison Smith and David Thomas

MR JOHN Major yesterday raised expectations that the department of energy would be abolished after the next election in one of his first statements as prime minister.

Mr Major told parliament in a written parliamentary statement that his present expectation was that keeping a separate department would be justified "at least until the end of this parliament."

The announcement, immediately after the closure of the regional electricity companies share offer, was seen in Westminster as confirming that the department's remaining responsibilities are set to be dispersed under a new administration.

Mr John Wakeham, the energy secretary, joined the department in the summer of 1989, with ensuring the success of electricity privatisation as his main task. There has already been speculation that he may retire as an MP at the election.

The department employs just over 1000 civil servants. Its budget of £3.15bn is spent on two main programmes: £2.8bn supports the coal industry and £289m is spent on research and development, principally in the nuclear industry.

The department's responsibilities for overseeing the energy industries are expected to pass to the trade and industry department, although some of its remit may pass to the department of the environment or to free-standing agencies.

Oil industry representatives yesterday expressed concern that the energy industry would no longer have its own representative of Cabinet rank.

Mr David Boyd, chairman of Goal Petroleum, a leading independent oil company, said: "I regret the passing of the Department of Energy. The danger is that the energy business will in future be treated as of lesser account by Government."

Dr Harold Hughes, director general of the UK Offshore Operators Association, expressed concern about the dissipation of the energy department's oil industry specialists.

However, Mr Stewart Boyle of the Association for the Conservation of Energy saw the change as an opportunity to strengthen the Government's role in energy efficiency. He called for the creation of a powerful, free-standing energy efficiency office.

Some ministers have long believed that the energy department's role in energy efficiency and renewable sources of energy, together with its responsibilities for setting limits on emissions from power stations could better be handled in a "green" ministry.

The Association for the Conservation of Energy, an industry-backed lobbying group, yesterday said that responsibility for energy efficiency ought to be at the centre of the Government's environmental policy. But it also called for the Energy Department's energy efficiency office to be transformed into a powerful independent agency.

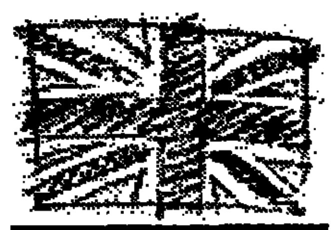
Another candidate for independent agency status would be the Offshore Supplies Office, the wing of the Energy Department which has championed a buy British policy in the North Sea oil and gas industry.

Privatisation has bitten into the department's tasks since 1979. BP, Britoil, Enterprise Oil (British Gas's offshore oil assets) and most spectacularly British Gas, with 4.5m investors, have all been transferred to the private sector.

There is also more to come, with the electricity generating companies to be privatised next year, and the "historic pledge" by Mr Cecil Parkinson, a former energy secretary, to privatise British Coal.

The transfer of the department's role in offshore safety to the Health and Safety Executive, however, follows intense criticism of what happened in the Piper Alpha disaster on a North Sea oil rig two years ago, in which 167 men died.

BRITAIN IN BRIEF



European Court rules on imports

The European Court of Justice has ruled that Danish and Irish limits on personal imports of beer are illegal. The ruling means that Danes can bring in beer to a value of Dkr3,100, about 1,500 bottles, so as long as the beer is for private consumption. In Denmark, beer retails for roughly twice the price in neighbouring Germany.

Irish beer drinkers will now no longer be restricted to 12 litres, a blow to the Irish tax collection, which currently receives duties of almost one ecu per litre – almost 50 times the rate of tax in France.

The problem underlines the difficulties for the EC in trying to smooth out some of the differences in excise rates before 1992.

Hurd sets out agenda for IGC

Douglas Hurd: call for efficient EC institutions

Improving the efficiency of the European Community's existing institutions should take precedence over any moves to extend their powers, Mr Douglas Hurd, the Foreign Secretary maintained in the Commons last night.

Outlining the Government's approach to the inter-governmental conference on political union to be held in Rome next week he envisaged a bigger role for the European Parliament in monitoring expenditure rather than it being given legislative powers.

RAF to charter civil aircraft

The RAF is being forced to charter civil airliners for regular flights to the Falklands because of increasing pressure on its own fleet as a result of the Gulf crisis.

The Ministry of Defence is seeking tenders from British-based carriers for the twice-weekly 16,000-mile round journey. The new flights will begin on December 13.

Directors leave stock exchange

International Stock Exchange is to lose the managing directors of two of its three operating divisions just eight months after they were appointed.

The departures of Mr George Hayter, managing director of the trading markets division, and Mr Stewart Douglas-Mann, of the primary markets division, suggest that the shake-up at the exchange initiated by Mr Peter Rawlins, the new chief executive, is far from over. It was Mr Rawlins who created the three operating areas out of a sprawling exchange bureaucracy in April this year.

Fujitsu links up with Quotient

Quotient, a leading UK supplier of computer software for financial services has been chosen by Fujitsu of Japan, the world's second largest computer company, to develop jointly an advanced securities trading system.

The system, which will cost up to £5m to develop and involve up to 25 Quotient software experts, is expected to be ready by early 1993.

Record haul of heroin

Customs officers making a random check on two Turkish lorries found a record 203 kilos of heroin with a street value of £20m concealed under the floor boards.

The discovery at Dover, Kent, was the largest ever single seizure of heroin in Britain. The lorries travelled the "Balkan Route" from Turkey overland across Europe before catching the ferry from Ostend to Dover.

Vehicle sales continue slump

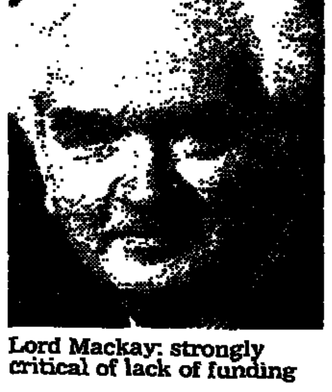
The deterioration in the UK new vehicle market accelerated in November with a fall of 18 per cent in new car registrations.

The decline to 117,499 from 143,323 a year ago was the second largest monthly fall this year as the recession in the UK new car market now enters its second year.

Imported cars accounted for 56.9 per cent of the UK new car market in the first 11 months, a marginal fall from the 57.1 per cent of a year ago.

Call for justice reform

Ways must be found to ensure access to justice for those who do not qualify for legal aid but cannot afford to fund litigation from their own pockets, Lord Mackay, the Lord Chancellor, said at the London School of Economics last night.



Lord Mackay: strongly critical of lack of funding

But he stressed that the problem would not be solved by making available additional public funds. The British system of justice was often thought to be the best in the world but, Lord Mackay asked, "is it really justice if in order to get it you need to pay so much?"

Durham enters big league

The county of Durham, in the north of England, is to become first class cricket's 18th county – the first minor county to be admitted since 1921. Founded in 1882, it has won the Minor Counties championship a record nine times and has produced 86 first-class cricketers, nine of whom have gone on to play Test cricket for England.

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The new IBM PS/2. No)0X

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TECHNOLOGY

Sensing the green challenge

NEW ways of monitoring environmental changes could lead to market opportunities worth about £170m over the next five years in the UK alone. Similar opportunities are emerging elsewhere in the European Community, as common standards for environmental protection are evolved.

This is a main conclusion of a report* into "green" sensor technologies commissioned by the UK Department of Trade and Industry from Robert Bogue and Partners of Yelverton, Devon.

The work is part of the DTI's advanced sensor technology transfer programme, which aims to encourage industry to use more of the latest sensing techniques for environmental monitoring and control.

John Fleming, DTI co-ordinator for advanced sensors at the Laboratory of the Government Chemist, says that "in environmental monitoring you have to have a sensor to provide the information and to control the process which cuts pollution".

The growing need for advanced sensing technologies results from the requirement for more accurate and continuous monitoring of the environment. This concern is reflected in the new Environmental Protection Act which became law in the UK last month and the European Commission's environmental action programme.

"The biggest change is coming from new disciplines and new techniques, such as biosensors, which can recognise individual bacteria; from fibre optic sensors, for remote monitoring and from solid state sensors," Fleming says.

He hopes that the programme will interest small- and medium-sized companies involved in the design and production of instruments for sensing the environment.

"These companies often find it difficult to keep track of new technology," he says. "Yet, if a company gets involved in a new technology early enough, it gives the company a strong competitive edge."

Lynton McLain

**Copies of the report are available from the LGC, Queens Road, Teddington, Middlesex, TW11 0LY. Tel: 081-943 7388.*

Lynton McLain reports on steps by London Underground to get to grips with crisis management

Ticket to a safer ride

"THE TRAIN has been delayed because of extended intervals between trains." Such tautologous information comes daily to those who wait for London's tube trains, leaving passengers irritated and none the wiser. To managers at London Underground, however, such apparently minor incidents could contain the seeds of crisis.

"Anything in an organisation handling millions of people that departs from normal is a potential crisis," says John Gardner, information technology research manager at London Underground.

He is seeking an approach to crisis management that harnesses computers to the extensive knowledge and experience of the staff who run the world's busiest underground railway.

Knowledge-based computer systems involve programs that model the decision-making processes made by experts. Human decision-making processes are enhanced by the power of a computer to take into account more facts and to consider more alternatives in a given time than any one expert could accomplish, says Tom Addis, professor of computer science and head of the knowledge systems group at Reading University.

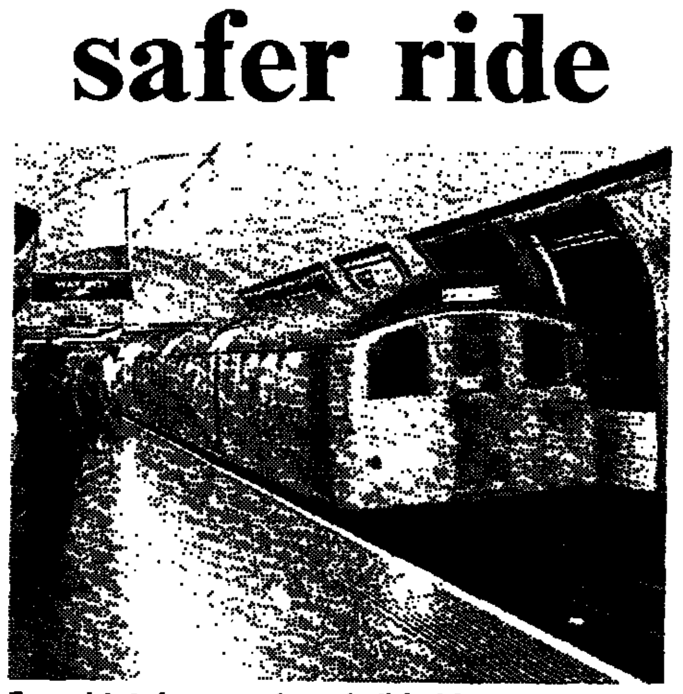
Addis's group is assisting London Underground in finding ways of mimicking human behaviour on a computer while using the knowledge of underground staff to formulate a crisis management strategy.

The ultimate result could be a computer system that would interact with a real crisis as it develops in a station, says Addis. "The objective is to help people make good decisions quickly," he says.

Gardner says the current knowledge-based work "will not automate the management of a crisis on the underground, but that certainly is a long-term objective. It has the potential for integration with automated control systems, and could include inputs of real-time information about passenger movements".

A fire could be monitored by the knowledge-based crisis management computer. This could automatically seal off dangerous exits, illuminate signs for safe routes and channel people to safety, while simultaneously instigating fire fighting procedures. "This is possible, but is way down stream at the moment," Gardner says.

At present, staff faced with a crisis use procedures laid down in manuals with pre-set plans. These are drafted to take account of as much collective experience and wisdom of staff at London Underground headquarters at St James's Park and among the 273 stations on the network.



Even a late train represents a potential crisis

The manuals are updated continuously in the light of new knowledge and crises such as the King's Cross fire three years ago which killed 31 people and the subsequent Fennell Report which called for sweeping improvements in safety systems on the underground.

London Underground says it will have spent more than £1bn on safety improvements in the subsequent period to 2000. Improvements under way include emergency evacuation and crowd control plans for all stations and measures to increase the capacity of central London stations, so they are less crowded.

At the moment, it is not known how much of the underground's collective experience is being tapped, nor whether the best knowledge available has been incorporated in the crisis manuals. As Gardner says, "someone may have a skill, but it may not be known that he has the skill."

One of the aims of the work at Reading University is to help identify the non-obvious knowledge among staff that could be of value in the management of a crisis. "At present, the knowledge of crisis management is in the heads and minds of the people most concerned with the management of a crisis," says Gardner.

The starting point of the work at Reading has been to investigate factors which affect crowd response in a station in a crisis; to investigate passenger reaction and record the actions of experienced operators in handling a simulated crisis.

The information stored in the computer system may be used as a simulator and training aid. It could be tailored to any of the bigger stations on the underground network and used as the basis for training, role playing and evaluation of crisis management strategies by the local management.

The first stage of the Reading work has been completed. On a computer model, small coloured squares represent people moving about a station, seeking tickets, advice, a newspaper, snack or looking for the platform or the way out.

This model has been adapted to deal with the monitoring of staff carrying out their duties; the interaction between different crowds with distinct objectives – a crowd of football supporters has different characteristics to an group of orderly Japanese tourists – and the effects of unexpected events, or crises.

"A crowd model of this kind would indicate the expected response of a given group or mixture of types of people to a variety of situations," Addis says. "The effects of different station conditions [passages blocked, escalators not working, etc], simulated fires, floods and criminal acts can all be explored."

Such a model and its support system could be used for planning responses to possible crises. It could be used for training staff to cope with a variety of novel situations and it could help in the design and viability of buildings, such as stations, under different conditions. Gardner points out that knowledge-based crisis management could be applied to other organisations subjected to sudden change, particularly where large numbers of people are involved.

Reading University has proposed the creation of a specialised knowledge-based "shell" that will model any London Underground station. The shell is a generic programme that will contain information on the electricity, water and gas services involved as well as the means of moving people, such as trains, escalators, stairs and footpaths.

"The model will be comprehensive. All the characteristics of an individual station will be incorporated, including the skills and psychological potential of individual members of staff, the breadth and conditions for emergency facilities, the chain of command and communications," says Addis.

London Underground hopes to use the prototype system for training staff through role playing. Staff would show how they would apply their knowledge to tackle a crisis, while the knowledge of other experts already input into the system could be passed on to trainees. Addis says that "a crisis will be successfully managed, with the minimum of potential damage, when normality is regained or a stable situation is reached."

The plastic bottle cleans up its act

ALTHOUGH plastic soft drinks bottles are routinely recycled to make items ranging from carpeting to garden furniture, they have never contained recycled materials themselves, writes Karen Zagor.

The Food and Drug Administration (FDA) in the US has banned using recycled plastic in food packaging for reasons of hygiene.

Now, however, Coca-Cola and PepsiCo believe they have partners with the technology to produce recycled plastic pure enough to put it in contact with food.

PepsiCo is working with Goodyear Tire & Rubber, which has spent two years developing a recycled resin based on ground "post-consumer" soft drink containers, which are depolymerised. The PET (polyethylene teraphthalate) flakes are then repolymerised and combined with virgin raw materials to form a new bottle.

These bottles "will be no different in quality and safety than bottles made entirely with virgin materials," said Jim Stanley, vice president Scientific and Regulatory Affairs at PepsiCo.

Coca-Cola is working with Hoechst Celanese, which has produced a similar resin using recycled PET to be used in bottles which Coca-Cola plans to introduce in a test market early in 1991.

The FDA is reviewing the process to make sure the new bottles meet its safety standards.

Vehicle fleet makes tracks

MOST companies with large vehicles fleets have only two options if they want to know exactly where their drivers are: rely on the imprecise information from the driver; or invest in expensive vehicle navigation systems.

Now a system developed by a Cambridge University lecturer maintains the precision while doing away with the expense of a land-based or satellite radio navigation system for tracking the vehicle. Instead, the Cursor system uses the existing radio transmitter infrastructure of the broadcast companies – such as the BBC in the UK.

A fixed base station and the vehicle incorporate equipment which receives the radio programme. The programme signal is then transmitted on a second hop from the base station to the car (or vice versa), completing the third side of a triangle. By comparing the time the two signals take to reach the vehicle, a series of positions can be calculated. By taking similar measurements using two other transmitters the exact location can be pinpointed.

Cursor is being marketed through Cambridge Research and Innovation (Cril).

Angling for a safer catch

THE latest controversy over a fishing vessel being towed under by a nuclear submarine entangled in its trawl net has focused attention on ways of avoiding similar accidents in future, writes Robin Burton.

The basic problem is that a submarine does not want to send out exploratory sonar signals which can be used as an indication of its presence, and instead relies mainly on hearing noises from other vessels. This means that a trawl net, which is normally silent, will not be picked up until it is too late.

One solution has been devised in Norway. Sonic equipment made by Scanmar of Asgardstrand, and sold in the UK by Scantron of Aberdeen, gets the net to reveal all.

Intended to inform a skipper that his net is towing at the right angle, the net has transponder devices positioned at strategic points. These interrogate each other with about the distance between them and then send confirmation to the vessel so that the crew can work out how long it will be before they need to haul their trawl-net.

A comprehensive system of this type can cost as much as £15,000, but it would cost perhaps a mere £2,000 to fit a single transponder working on a common Nato frequency to warn off an approaching submarine.

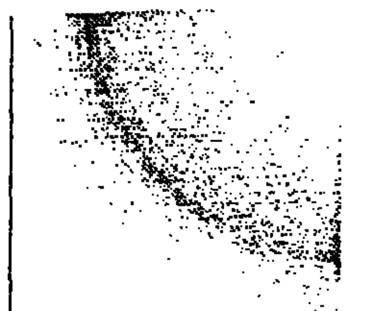
A combination of old and new

THE latest technologies are being used to preserve and record some of world's oldest artefacts.

At the British Library a transparent polyester film called Melinex, which usually finds its place wrapped round food packages in the supermarket, is being used to preserve a collection of medieval Chinese manuscripts, discovered in Gobi desert caves.

Two sheets of the semi-rigid film, developed by ICI Films, of Welwyn Garden City, are used to encapsulate the fragments of the manuscripts, so that they can be easily handled. The two sheets of film are stitched together around the edge to ensure adequate ventilation reaches the old documents.

● The York Archaeological Trust is using the latest multi-media technology to archive what is known about the Viking world. In conjunction with the National Museum of Denmark, it is producing a laser disc containing words, pictures and moving images of Viking relics, using equipment from VideoLogic of Hertfordshire. The disc will eventually be available to schools, museums and libraries.



WORTH WATCHING

by Della Bradshaw

Papering over the plastic carrier

THE ubiquitous supermarket carrier bag is getting a facelift with a development in Spain which combines the best of both the plastic carrier and the paper one.

Developed by Eurobags Espana, the bags are made of a combination of low- and high-density polyethylene with cellulose. The bags have the attractive feel of paper while being tough and waterproof and easy to produce, like plastic bags.

The company is now conducting tests to check how degradable the bags are.

Contacts: Coca Cola: US, 404 676 3853. Hoechst Celanese: US, 704 554 2224. Pepsi-Cola: US, 914 767 7495. Goodyear: US, 216 796-5348. Cril: UK, 0223 312856. Scanmar: Norway, 3 37 10 33. Scantron: UK, 0224 899522. ICI Films: UK, 0707 337588. VideoLogic: UK, 0923 260511. Eurobags: Spain, 68 76 12 62.

FT LAW REPORTS

Police cannot produce documents

MARCEL AND OTHERS v COMMISSIONER OF POLICE FOR THE METROPOLIS AND OTHERS
Chancery Division: Sir Nicolas Browne-Wilkinson, vice-chancellor: November 30 1990

DOCUMENTS AND information seized by the police for the purposes of a criminal investigation or prosecution, must not be used for any other purpose. Accordingly, they cannot lawfully be passed on to a party to civil proceedings for use in his litigation, even though without them he will be unable to put his case.

Sir Nicolas Browne-Wilkinson, vice-chancellor, so held when granting injunctions to the plaintiffs, Mr David Marcel, Mr Stephen Morgan and Mr Paul Gunning, restraining the Metropolitan Police, Mr Warwick Jaggard and his solicitors, Proctor Gillette, from using documents seized by the police in a criminal investigation, for the purposes a civil action by Anchor Brewhouse Developments Ltd against Mr Jaggard.

THE VICE-CHANCELLOR said that in two main actions relating to sales of flats in an Anchor Brewhouse dockland development, the defendant, Mr Jaggard alleged fraudulent misrepresentation by Anchor representatives. He applied to re-amend his defence and counterclaim in one of the main actions, to raise new allegations of fraud against Anchor.

The allegations made in those amendments were based on documents and information obtained from the Metropolitan Police by Mr Jaggard's solicitors, Proctor Gillette. The documents were seized by the police in the course of investigating allegations of criminal offences by Mr Marcel, Mr Morgan and Mr Gunning, the present plaintiffs, all of whom were closely connected with the development and were Anchor witnesses in the main actions.

Mr Marcel, Mr Morgan and Mr Gunning were all arrested and charged with conspiracy to defraud. Documents were seized from Mr Marcel's home and office, and from Mr Gunnings's home. None was seized from Mr Morgan directly, but his solicitor was arrested and the police seized documents which Mr Morgan said were his property.

The documents were seized by the police without search warrant under the powers contained in Part II of the Police and Civil Evidence Act 1984.

A subpoena *duces tecum* was served on the police to produce the seized documents at trial of the main actions.

On the present motion the plaintiffs claimed an injunction restraining the police from dealing with the seized documents save for purposes connected with the investigation and prosecution of crime, or in accordance with court order. Against Mr Jaggard and Proctor Gillette the plaintiffs claimed delivery of all copies of the documents, and an order restraining them from using information obtained from the copies or the documents.

The first question was whether it was lawful, without subpoena, for the police to disclose to third parties documents seized by them under the Act otherwise than for the purpose of investigating and prosecuting crime.

Section 22(2)(a) of the Act provided that anything seized "for the purposes of a criminal investigation" might be retained "(i) for use as evidence . . . or (ii) for forensic examination or for investigation in connection with an offence . . ."

Although subsection (2) provided useful guidance as to the statutory intention, the Act contained no express provision regulating the purposes for which seized documents could lawfully be used.

However, there manifestly must be *some* limitation on the purposes for which they could be used. Search and seizure under statutory powers constituted fundamental infringements of the individual's immunity from interference by the state with his property and privacy – basic human rights.

Where there was a public interest which required impairment of those rights, parliament legislated to permit such impairment. But in the absence of clear words parliament could not be assumed to have legislated to interfere with the individual's basic rights to a greater extent than was necessary to secure protection of that public interest.

Part II had to be interpreted having regard to its subject matter, i.e. conferring police powers for police purposes. Powers conferred for one purpose could not lawfully be used for other purposes without giving rise to an abuse of power. Hence in the absence of express provision, the Act could not be taken to authorise the use and disclosure of seized documents for purposes other than police purposes.

Subject to any express statutory provision in other Acts, the police were authorised to seize, retain and use documents, only for public purposes relating to investigation and prosecution of crime and the return of stolen property to the true owner. Investigation and prosecution would normally involve no communication of documents or information to others. However, if communication was necessary for the purpose of the investigation and prosecution, it was authorised.

It was not lawful for the police to make the documents available to Mr Jaggard's solicitors for the private purposes of Mr Jaggard's litigation against Anchor.

The second question was whether the plaintiffs had any right to prevent the use of the documents in the main actions.

The plaintiffs had a cause of action against Mr Jaggard and his solicitors for breach of confidence. When the police or any other public authority used compulsory powers to obtain information and documents from the citizen, the relationship between them was such that the information or documents were received solely for those purposes for which the power was conferred. Equity imposed on the public authority a duty not to disclose them to third parties save under order of the court.

It followed that all documents and information disclosed to Mr Jaggard's solicitor before start of the trial were disclosed in breach of confidence.

There were two relevant limitations on the equitable duty of confidence.

First, there could be no breach once the information or documents were in the public domain and confidentiality had disappeared. Documents read in open court lost their confidentiality by disclosure.

Second, the right to insist on the duty of confidence was not absolute. Where enforcement of the duty came into conflict with other public interests, the court had to balance the relevant factors to see whether that duty was outweighed by the public interest.

In the present case the duty of confidence was in direct conflict with the public interest in ensuring that all relevant information could be used in evidence in the main actions. The court had no discretion to override legal professional privilege. But in all other instances of conflict of between confidentiality and the public interest, the court had to weigh the relevant factors to see where the balance of public interest was to be struck.

The third question was whether the subpoena against the police should be set aside.

The subpoena had not been spent. By consent the documents had been lodged with the court. They had not been proved. There was no reason why any person whose legal rights would be interfered with by execution of the subpoena should not be heard.

On one side there was the basic public interest in ensuring a fair trial on full evidence.

Anything which prevented full facts coming before the court might lead to injustice through failure to protect litigants' rights. Were Mr Jaggard not permitted to use the documents and information already in his hands or in police hands, he would be deprived of the right to put his case.

On the other side, there was a public interest in upholding confidentiality even as between private individuals. It was immensely increased when the information had been obtained by a public authority using compulsory powers.

If information obtained by the police, the Inland Revenue, Social Security offices, the Health Service and other agencies, were to be gathered together in one file, the freedom of the individual would be gravely at risk.

The dossier of private information was the badge of the totalitarian state.

The public interest in ensuring that confidential information obtained by public authorities from the citizen under compulsion remained inviolate and uncommunicable to anyone, was of such importance that it admitted of no exceptions and overrode all other public interests.

The injunctions were granted. The subpoena on the police was set aside. The order required delivery up of the documents to the police, not to the plaintiffs.

For the plaintiffs: Alan Newman QC and Paul Epstein (Simons Muirhead & Burton).

For Anchor: Terence Etherton QC (Travers Smith Braithwaite).

For the police: Jeremy Gompertz QC and Duncan Macleod (Metropolitan Police solicitor).

For Mr Jaggard: Daniel Serota QC and John R Davies (Proctor Gillette).

For the solicitors: Paul Lowenstein (Proctor Gillette).

Rachel Davies
Barrister

MANAGEMENT

IBM in Europe

Regrouping to widen its horizons

Guy de Jonquières and **Alan Cane** explain the rationale behind the US computer multinational's extensive reorganisation, including moving the headquarters of its communications systems division from New York to London

In the race to prepare for Europe's planned single market, few companies start out with as many advantages as International Business Machines, the US group which is the world's largest computer maker.

With 109,000 employees, 12 plants, nine research and development facilities and revenues last year of $23bn in Europe, IBM towers over its local competitors. Not only can none of them match the trans-European span of its operations, but it outsells all of them even on their home territories.

Sensitive to the highly politicised nature of European markets, IBM has long strived for acceptance as a local citizen at both the national and European Community level. Its efforts were recently rewarded by membership of Jessi, the most important of the EC's high-technology programmes.

However, the advent of 1992 has convinced the company that it needs to up-date its pan-European vision. The result has been an extensive reorganisation of its regional management, intended to equip it to respond to rapidly changing patterns of customer behaviour in a more integrated market.

IBM's increasing dependence on Europe has lent added impetus. Last year the region, along with the Middle East and Africa, provided 39 per cent of IBM's $62.7bn worldwide turnover and an astonishing 71 per cent of its $3.76bn net income.

Though IBM has long manufactured for the whole of Europe in a few large plants, most downstream business has been handled by a federation of separate "country organisations", each responsible for its national market. But as customers have begun to venture across borders, this patchwork structure has handicapped IBM's ability to follow them.

"It's getting more difficult. Optimisation at the country level might have been wonderful when there were trade barriers and not so much interaction between countries," says David McKinney, the American-born president of IBM Europe. "It is not so wonderful in today's world."

The thrust of the changes which McKinney has spearheaded has been to take pan-European management responsibilities long exercised by IBM Europe's Paris headquarters and place them directly under the control of the general managers of the four largest country organisations.

Tony Cleaver, chairman of IBM UK, has taken charge of IBM's European strategy for personal computers and for the banking and financial services sectors, while Hans-Olaf Henkel, his counterpart in Germany, has been given similar authority for mainframe computers and manufacturing industry.

Europe-wide responsibility for telecommunications, maintenance, software and IBM's internal computing systems has gone to IBM France, while mid-range machines, scientific computers and the government and public sector are controlled from Italy.

The reorganisation, announced last July, is partly dictated by IBM's current drive worldwide to cut costs and get closer to its customers by streamlining bureaucracy and devolving head office functions to line managers.

IBM Europe in Paris has retained responsibility only for manufacturing, order processing and finance. Its staff is expected to shrink to 200 to 300 people from 1,700 in the next two years as jobs are spread out around Europe.

But the shake-up is also intended to meet objectives peculiar to Europe. One is to get IBM's country organisations to widen their horizons beyond their national markets and co-operate more closely with their sister companies in neighbouring countries.

To support customers with cross-border operations, an international marketing executive is being set up in each operating unit. It will provide a single point of contact in the customer's home country and have clear authority to enlist the co-operation of other IBM country organisations.

McKinney expects the benefits of tighter co-ordination to show up first in better service to small and medium-sized customers, many of which have complained that their efforts to expand across borders have been hindered by poor communications between IBM's national units.

Similar criticisms have been made by independent software firms, with which IBM is working closely in an effort to broaden its access to the market. "Trying to do anything with IBM on a pan-European basis has been a nightmare," says one. "You go through endless negotiations and end up in frustrated disappointment."

IBM has long spared its most prized customers these trials by assigning to them an account manager responsible for their worldwide business. But McKinney expects the reorganisation also to benefit large companies such as Volvo, the Swedish carmaker, which has been pressing IBM to provide it with one bill, denominated in one currency, for all its European operations and to make its contracts enforceable across borders.

How well the new system works will depend critically on personal relations between the four general managers with Europe-wide responsibilities who sit on a European management board created 18 months ago.

"What I think is going to happen over time is that this European management team, with peers measuring and supporting each other, is going to have a little different chemistry," he says. "Instead of saying (to IBM Europe), this is a crazy strategy you have, they will be talking to each other about their joint strategies."

His confidence is based partly on the fact that the four general managers were closely involved from the outset in planning the reorganisation and in sharing out Europe-wide responsibilities.

The allocation broadly reflects the relative strength of national markets for specific products and services, and of the particular expertise of the local IBM organisations. However, McKinney admits that "there were some very close calls. Some country general managers said, 'I think I would be best at that' – and no other country thought so."

Assigning responsibility for telecommunications appears to have been particularly tricky. France won it because, historically, most of IBM's European technical resources in the industry have been based there. Yet Britain's telecommunications market is far more developed - as recognised by IBM's decision this week to move its worldwide Communications Systems headquarters to the UK, in spite of strong representations by IBM France.

The "European" general managers have a strong financial motivation to achieve results. As much as 40 per cent of their pay depends on how well they perform their new responsibilities, measured by IBM's pan-European market share, customer satisfaction and service quality. Their recently acquired European support staffs are also on incentive schemes.

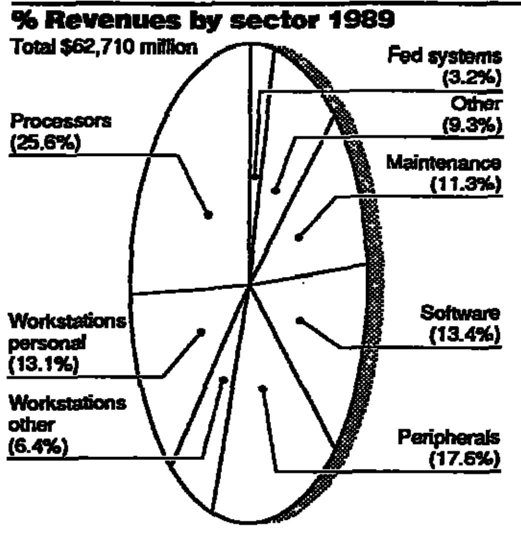
McKinney insists the single most important determinant of success will be choosing the right people for the top jobs: "People and their motivations are much more important than organisation structure. If people don't work well together, they can foul up the most perfect organisation."

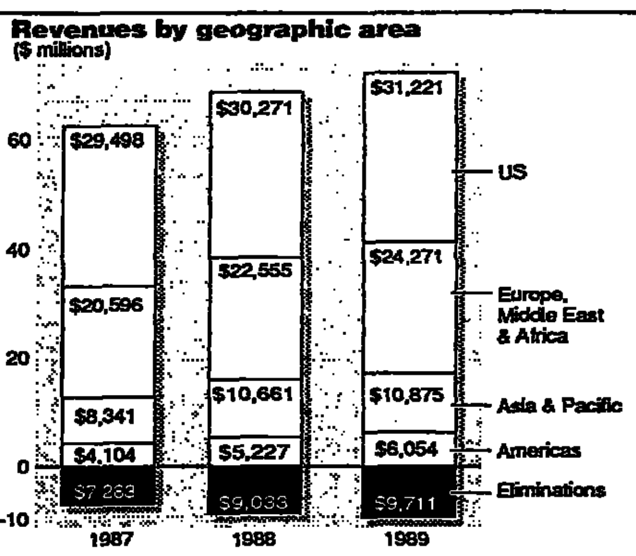
Tony Cleaver, who aims to spend one day a week on his European responsibilities, says much will depend on a shared sense of inter-dependence. He expects colleagues in IBM Germany, for instance, to support industrial customers in Britain because they need IBM UK's expertise in personal computers and financial services.

But can IBM manage to "Europeanise" its country organisations, without blurring their focus on national markets or weakening the intense rivalry which keeps them striving to out-perform each other?

"It's a good question," says McKinney. "Ask me in a year. This will have tensions that go both ways. As this develops, we will learn more about it as we go. We're inventing it as we go, on the fly. We just started in July . . ."

IBM





David McKinney

Creating a bridgehead

IBM has been planning for some years to underline its international credentials by moving responsibility for a principal line of business to a European country from the US. Its dilemma until the past three months was which line of business and when?

The decision, announced earlier this week, to shift the headquarters of its communications systems division from Somers, New York, to a site near London in the UK is underpinned by a matrix of political, commercial and technological considerations in which the single European market after 1992 and the opening up of eastern Europe are major elements. Just as important is the shock-wave of telecommunications liberalisation spreading across Europe from its epicentre in the UK.

With the move, IBM has both strengthened its claims to be a truly global operation and established a bridgehead in a fast developing and strategically vital telecommunications market.

"Line of business" is the way IBM describes its product development organisations. It had six to choose from in selecting a candidate for Europe: large computers, mid-range computers, personal computers, software, technology and communications.

Executives in the line of business organisations are charged with determining which products will satisfy IBM's customers' requirements in specific geographic areas.

Their remit is worldwide; their responsibility is to co-ordinate product planning with the operations of IBM's development laboratories and manufacturing sites to ensure that national marketing organisations have access to the most appropriate equipment.

It is IBM's answer to the dilemma of trading locally while manufacturing globally. Products are rarely unique; they are tailored for specific requirements.

Ellen Hancock, general manager of communications systems (CS), who will be moving to London early next year to establish the new headquarters, describes the organisation's global mission: "We have more than 12,000 employees throughout the world in locations such as our development laboratories in La Gaude, France; in Hursley, near Winchester in the UK; in Raleigh, North Carolina; and our newest laboratory in Rome, Italy."

CS is responsible for a range of hardware and software which enables customers to build and manage computer networks. Large companies worldwide increasingly realise that their ability to remain competitive in global markets depends on the efficiency with which they are able to gather and transmit information throughout their organisation.

IBM's CS line of business already turns over about $10bn a year, about one sixth of the company's total business. While corporate computer networking in the US is well established, it is at a pioneering stage in Europe, hampered both by differing telecommunications standards and lack of networking experience.

CS also has responsibility for value-added network services and for voice-and-data telecommunications, a new market sector where IBM has powerful ambitions.

Neither product development nor production will be affected by the relocation of CS to the UK. The move will involve simply the transfer of about 120 US executives from Somers, New York, to new offices near Brentford, on London's outskirts.

How, then, does moving CS headquarters fit in with IBM's long-term plans for management of its increasingly important European operations?

Europe is much more fertile ground for telecommunication opportunities than the US where the telecommunications market has been liberalised for the past seven years. IBM's method of connecting its computers together – SNA – is a de facto standard.

Furthermore, the US represents a homogeneous telecommunications environment unlike Europe where different interconnection standards add substantially to the complexity of computer and voice communications.

The European telecommunications market is distinguished by a pioneering position in international standards including Open Systems Interconnection (OSI) for computer systems and Integrated Services Digital Networking (ISDN) for voice and data telephony. With the UK in the vanguard, the European telecommunication authorities are *yielding up their monopolistic positions.*

AC

BUSINESSES FOR SALE

THE PROPERTY MARKET

Debut of a new unit trust

By Vanessa Houlder

IF PROPERTY remains an illiquid market, it is not for want of trying to improve liquidity.

The problem was addressed in the 1980s through the introduction of new instruments bearing the faintly ludicrous names of PINCs, SPOTs and SAPCOs (property income certificates, single-property ownership trusts and single-asset property companies, respectively.) These allowed investors to take shares in buildings but, for the most part, they never got very far.

Another proposal – for authorised property unit trusts (APUTs) – is now about to be introduced. The trusts may improve liquidity, but the industry is not holding its breath.

The prospects for APUTs were boosted this week by the publication of a new consultative paper by the Securities and Investments Board. This proposed a new type of unit trust, which could invest in commercial and residential buildings, land and property shares. Unlike existing property unit trusts, which are used by tax-exempt pension funds, these will be available to the private investor.

The APUTs are making a late appearance. Unauthorised property trusts were invented in the mid-1960s and property bonds, which are operated by insurance companies, came into force 15 years ago. The delayed debut of APUTs can be blamed on the tax regime, which subjected unit holders to some double taxation.

That changed with the Finance Acts of 1989 and 1990, which eradicated the authorised unit trusts' tax disadvantages. Indeed, in some ways, such as their ability to realise investments and and reinvest proceeds without suffering a tax charge, APUTs may even be at a tax advantage over direct investment. "It is a very good regime from the tax and legal point of view," says David Sproul, a senior tax manager at Arthur Anderson.

Unless there are serious objections to the consultation paper, APUTs will get the go-ahead in early spring. A handful of trusts are then expected to be launched by institutions, some in partnership with chartered surveyors.

Not everyone believes their success is assured. Given the underperformance of property and the difficulties of the residential sector, Savills, the surveyors, says "it does not appear to us to be a good time to launch these trusts".

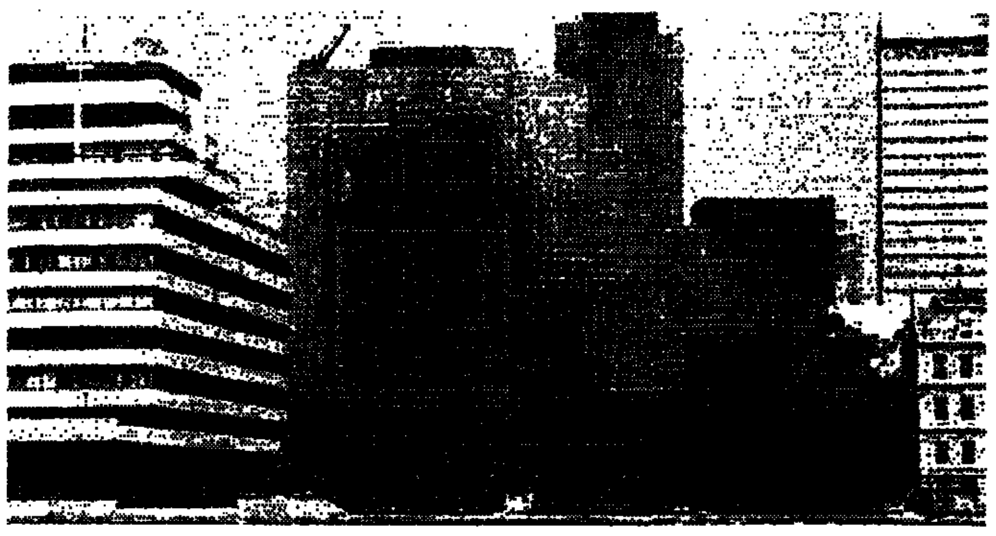
That said, some institutions may consider the slump in the market to be more of an opportunity than a threat. Unit trusts may try to sell themselves as vulture funds, offering a chance to get in at the bottom of the market. That claim, though, might sit uneasily with the unit trusts' traditional selling-point, which is that they spread and so reduce investment risk.

Another worry concerns liquidity. Confidence in unit trusts was severely dented in the 1987 stockmarket crash, when investors found they could not bail out of unit trusts because the funds were unable to sell their shares fast enough. This type of problem could be commonplace with APUTs, given an illiquid market.

The experience of Rodamco, the world's fourth largest property fund, may hold some lessons. With two-thirds of its portfolio in US and UK property, it suffered falling asset values and a flood of redemptions. In September, the "bottom of the vaults came into view" and it dismayed the Amsterdam bourse by stopping buying back shares at net asset value. The SIB recognises that there may be a problem.

APUTs will be allowed to invest up to 35 per cent of their portfolio in gilts, to ease liquidity. It may also restrict single holdings to 10 per cent. If there is a liquidity problem, managers will be able to apply to the SIB for extra time over and above the one-month period already allowed.

The new trusts may face other concerns. They will be exposed to the subjective nature of valuations in a slow-moving market. However, the SIB's proposals were mostly well received. Compared with the taxation, regulation and marketing obstacles faced by other instruments, APUTs are being given a good start.



Midland Montagu House, which Midland Montagu bought in 1989 from a single-asset property company. Now another new instrument – the authorised property unit trust – is about to make its appearance in the market

Valuation discrepancies cause dissension

By Richard Gourlay

WITH professional valuers already groping for clues as to how far property prices have fallen, an increasingly public row has started to echo around the world of chartered surveyors, further undermining confidence in the art of valuation.

The controversy surrounding two hugely different valuations of five London restaurants owned by Scotts, the London-based restaurant chain, has led to Baker Lorenz, the chartered surveyors, accusing the profession's governing body of bringing valuation into disrepute. That body – the Royal Institution of Chartered Surveyors – while claiming that valuations rarely differ by a factor of nearly three, as in this case, admits that valuations can sometimes be all things to all men because they ultimately concern matters of opinion.

The valuation of the restaurant properties is particularly contentious because it determined the terms of a merger with BS group, the property group, which was approved after anguished cries from minority BS shareholders last week.

The "official" valuation from Baker Lorenz, which was retained by BS and Scotts, placed a value of £6.4m on the restaurants; de Morgan, another chartered surveyor firm retained by a group of minority shareholders for BS, came up with a value of £2.3m.

Had a lower valuation of the restaurants been used, BS shareholders would have had to part with fewer of their shares for each Scotts share than the four-for-one swap finally approved.

Fanning the flames of the controversy was the RICS statement that both valuers had valued the properties on the same basis and in accordance with the guidelines laid down in its "Red Book". While the valuations "were wholly attributable to a difference of valuation opinion", the difference was significantly greater than it should have been.

This appears to have been little comfort to those professionals who rely on professional valuations, for example for security on loans, and sparked some comments from analysts that their security might not be worth the paper the chartered surveyor's opinion was written on.

It also prompted Baker Lorenz to write to the RICS General Practice Division claiming de Morgan only capitalised profit rentals and did not take into account the premiums that restaurants pay for running a high-class site.

The response from de Morgan has been that it stands by its valuation, and that it was prepared to have had it examined by an independent arbitrator before the merger.

Should the new year see a return to takeovers of property companies, differences of such magnitude could well become more commonplace and with far larger deals at stake, some analysts say.

A puzzling epilogue to this squabble came in a letter to the November 3 edition of the Estates Gazette, the trade publication, from Mr Tony Lorenz, senior partner at Baker Lorenz, eight days after his firm valued Scotts. In an argument based on the £85 a square foot paid by McDonalds for its new site in Leicester square, Mr Lorenz argues that valuers should no longer be allowed to compare the rents of fast-food takeaways in their valuations of high-class restaurants. "Unfortunately, the current rent review rules lead to an artificially inflated market, where the hamburger reigns supreme and the high-class restaurant balances on the edge of oblivion," concludes Mr Lorenz.

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
7	8	9	10	11	12	13

THEATRE

London

The Rehearsal (Garrick). Jean Anouilh's play directed by Ian McDiarmid with costumes by Jasper Conran in a production that has received excellent reviews (071 379 6107).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's intimate chamber operetta derived from David Garnett's 1955 novella is musically interesting and well directed by Trevor Nunn. (839 5972).
Hamlet (Lyric Hammersmith). Cheek by Jowl's idiosyncratic production, directed by Declan Donnellan (071 839 2244).
Man of the Moment (Globe). Nigel Planer and Gareth Hunt in an Alan Ayckbourn play about media manipulation (437 3667).
Miss Saigon (Drury Lane). Spectacular and successful musical about a love story between an American GI and a Vietnamese girl during the fall of Saigon in 1975 (071 836 8108).
Into The Woods (Phoenix) Julia Mckenzie shines as the witch in Stephen Sondheim's compendium of fairy tales. The title song is more memorable than a storyline that descends into recrimination and chaos as the characters' dreams turn sour (867 1004).
Cats (New London). The formula of T.S. Eliot words, Lloyd Webber music and feline dance has made this Britain's longest running musical (405 0072).
The Rocky Horror Show (Piccadilly). Revival of the 1970s classic, directed by Robin Lefevre (071 867 1118).

New York

Falsettoland (Lucille Lortel). It will be known as the first musical about Aids hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitzvah and his parents, all three of them (924 8782).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, *Phantom* rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200).

Washington

Grand Hotel, the Musical (Opera House). Tommy Tune's five Tony award winning musical stars Liliane Montevecchi, Brent Barrett and Mark Baker in the remake of the Garbo film that recreates decadent, dark and dramatic Berlin of the 1930s. Kennedy Centre (468 4600).

Chicago

Other People's Money (Royal George). Corporate takeover artist Larry "the Liquidator" Garfinkle is played for all his mischievous worst by Peter Van Wagner in Jerry Stern's funny view of contemporary finance. (988 9000).
Phantom of the Opera (Auditorium). The midwestern production stars Karen Culliver surrounded by the familiar chandelier and other heavy duty props in a full blown staging (902 1919).
A Christmas Carol (Goodman). William J. Norris returns for his 12th season as Scrooge (443 3800).

Tokyo

Kabuki: Performances at Kabuki-za centre around a name-taking ceremony for the actor Senjaku, who follows in his father's footsteps to become Ganjiro III. Both performances (11am, 4.30pm) are mixed programmes, combining drama, spectacle, song and dance. Earphone guide in English and English-language programme (541 3131).

OPERA AND BALLET

London

Royal Opera, Covent Garden. A new production by Adolf Dresen of *Fidelio* conducted by Christoph von Dohnanyi.
English National Opera, Coliseum. *Cosi fan tutte*, in John Cox's stylish 1980 production, returns with a new cast, led by Rita Cullis and Glenn Winslade, and Peter Robinson as conductor. Further performances of the new double bill – Delius's *Fennimore and Gerda*, Puccini's *Gianni Schicchi* – conducted by Charles Mackerras, produced by Julia Hollander.
Ballet. The Royal Ballet presents a new double bill at Covent Garden; also *La Bayadère*.

Paris

Josef Nadj and his Théâtre jel come with a surrealistic première of *Comedia Tempio*. Théâtre de La Ville (42742277).
Choreography by Balanchine, Lubovitch, Garnier, Kylian to music by Stravinsky, Pacher and Janáček. Opéra Palais Garnier (47425371).
Opéra. Plagued by strikes, the controversial opera's *Otello* production is followed by *Figaro's Hochzeit* conducted by Gabriele Ferro. Bastille Opéra (40011616).

Brussels

Koninklijke Vlaamse Opera. Royal Flanders Opera in *Van Gogh, Un Malheureur vetu de noir* by Jan van Vlijmen, conducted by Reinbert de Leeuw. (03-233 66 85).

Antwerp

De Singel. Monnaie Opera in *Mefistofele* by Arrigo Boito (concert version), conducted by Emil Tchakarov. (03-248 38 00).

Barcelona

Gran Teatre del Liceu. Uwe Mund conducts Wagner's *Die Walküre*, with a cast led by Montserrat Caballe and Johann Meier. Ends December 17 (412 14 66).

Rome

Teatro Dell'Opera. Season opens in style with a new production of *Tosca* by Mauro Bolognini. Luciano Pavarotti sings Cavaradossi to Raina Kabaivanska's Tosca, with Ingvar Wixell taking the part of Scarpia, conducted by Daniel Oren (80.91.26).
Teatro Olimpico. Two chamber operas: *Denys le Tiran'* by André-Gretry and Il Carillon del Gesuita' by Paolo Arca, both designed and produced by Stefano Vizioli and conducted by Francesco Vizioli (393304).

Naples

Teatro San Carlo. Season opens with an old favourite, Mascagni's *Cavalleria Rusticana*, with Shirley Verrett, teamed with a film, *Rapsodia Satanica* by Nino Oxilia to Mascagni's music (7972412).

Milan

Teatro Alla Scala. Riccardo Muti opens the new season conducting Roberto de Sinone's production of Mozart's *Idomeneo*, designed by Mauro Carosi. (72003744).

Venice

Teatro La Fenice. A co-production with the Teatro di Montecarlo of Pier Luigi Pizzi's production of Verdi's *La traviata*, conducted by Roberto Abbado. (5210161).

New York

Metropolitan Opera. John Copley's new production of Rossini's *Semiramide* conducted by James Conlon, who also conducts *Salome* in Nikolaus Lehnhoff's production. Julius Rudel conducts Dino Yannopoulos's production of Giordano's *Andrea Chenier*. (362 6000).
New York City Ballet. *The Nutcracker* takes over for its annual appearances. New York State Theatre, Lincoln Center (496 0600).

Chicago

Lyric Opera. Tatiana Troyanos has the tile role in *Carmen* with Neil Shicoff as Don Jose, conducted by Eduardo Mata. Leo Nucci sings the title role of *Rigoletto* in Sandro Sequi's production conducted by John Fiore. Civic Opera House (332 2244).

Washington

Washington Dance (Terrace Theatre). Local choreographers/dancers Johne Forges, Nabaghana Shyam Singha and Liz Lerman appear in the fifth annual celebration of Washington dance (Thur). Kennedy Center (467 4600).

EXHIBITIONS

London

Hayward. Jasper Johns. Retrospective of the American artist. South Bank. Daily: Late closing Tue and Wed. Until February 3.
Royal Academy. Egon Schiele and his contemporaries. Major exhibition of Viennese paintaings, including Kokoschka and Klimt. Daily. Ends February 17.

Paris

Carte musées et monuments sold in museums and metro stations enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Grand Palais. Simon Vouet (1590-1649). The exhibition brings together paintings, drawings and tapestries by the Paris-born artist whose vast compositions decorated palaces and churches at the time of Louis XIII and Richelieu. Having returned from Italy inspired both by Caravaggio's realism and by the Venitians' luminosity of colour, Simon Vouet's influence spread through his pupils beyond his time and across frontiers. Closed Tue; Wed late closing night. Until February 13.
Musée d'Orsay. From Manet to Monet. The museum's acquistions over the last seven years comprise paintings and drawings, photographs and furniture with an exceptional ensemble of Gallé vases. Rue Bellechasse 40494814. Closed Mon. Ends March 10.
Bibliotheque nationale. Memoires d'Egypte. The exhibition pays homage to Champollion for elucidating the mystery of hieroglyphs crucial to egyptology. 58, rue Richelieu. Ends March 17.
Louvre. Recent acquisitions of the Department of Objets d'Art.136 exhibits of medieval ivories and goldsmiths' work, of renaissance bronzes, enamels and majolicas and of 18th century furniture, tapestries and porcelain – many of which are royal gifts or royal possessions – have come to enrich and to complete the museum's collections. Hall Napoleon, closed Tue, ends January 21.
Galerie Daniel Malingue. Maitres impressionistes et modernes. From a Pissarro gouache showing in hazy blues, greens and greys two women returning from the fields to a pleasing Berthe Morisot portrait of young girls framed in an open window, from white-toned Utrillos catching the essence of Montmartre to the poetry of Miro's flying star, Daniel Malingue has assembled works of rare quality to represent his favourite period. 26, ave Matignon (42666033). Open all days except Sun, Mon mornings and lunchtimes. Ends December 22.
Musée Marmottan. Goya. Monet's museum plays host to four cycles of 218 engravings by Goya on loan from the Fundacion Juan Marcha. There are masterful renderings of bullfights, of lecherous men ogling young beauties abetted by harridans, there are monsters born from Goya's nightmarish imagination and – quite contemporary in their brutality – scenes of war and repression. 2, Rue Louis Boilly. Closed Mon (42240702).
Galerie Maurice Garnier. Bernard Buffet – La Bretagne. In his unmistakable spiky handwriting, the painter beloved by the Japanese, pays homage to Brittany's ports and beaches. 6, Ave Matignon (42256165). Closed Sun, Mon and lunchtimes.
Marmottan's Monets. For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends. Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows. Musée Marmottan, 2 rue Louis-Boilly, closed Mon.
Andre Masson. An exhibition astoundingly rich in the quantity and quality of works summing up Masson's oeuvre. He moves quickly from gentle Cubist beginnings to flame-like nudes, from a symbolist mood to erotic violence expressed in an explosion of turbulent reds. Galerie Odermatt-Cazeau. 85 bis, Rue du Faubourg Saint-Honoré (42669258).
Musée des Arts Decoratifs. Panoramic wallpapers. If a wealthy French bourgeois of the 19th century felt the need for changein his comfortable but somewhat boring life, a panoramic decor covering the walls of his salon would instantly transport him to an exotic scene. There was an endless choice of subjects and locations – Peru with lush palm trees, crusaders liberating Jerusalem or the 1830 barricades in Paris. 107, Rue de Rivoli (42663214), closed Mon, Tue. Ends January 21.
Louvre. Euphronios. Some 60 objects, craters, amphoras and bowls testify to the art of Euphronios, painter and potter in the 6th century BC in Athens, in mastering the technique of red figures on black background. Euphronios and his friends of the Pioneers Group brought invention and originality to their representations of mythological subjects and scenes from everyday life. Open all days from 12 am to 10 pm, except Tue. Ends December 31 (40205166).
Haboldt and Co. The newly opened gallery presents in its luxurious setting a selection of old masters from Holland, Germany, France, Belgium and Italy with names as diverse as Ter Borch and Canaletto, Boucher and Tiepolo. 137, Fbg. St Honoré (42895881).
Galerie du Carrousel. 19th century French masters. There are some remarkable small bronzes by Degas and Daumier, there are two or three oils, but the speciality of this small left-bank gallery remain drawings by the Ecole de Barbizon. Precursors of the impressionists, the Barbizon painters discarded both academic conventions and romantic dramatisation in favour of a simple, realistic vision of nature. 11, Quai Voltaire (42611075). Closed Sun and Mon.
Grand Palais. Picasso. A portrait of Jacqueline Picasso with her hands crossed round her knees is the symbol and the central point of an exhibition of 47 paintings, two sculptures, 40 drawings, 24 sketchbooks, 19 ceramics and 247 engravings and lithographs which have come to enrich, in lieu of death duties, the French national collections. The exhibition begins with the blue period and ends with the obsessive erotic works of Picasso's last 10 years. A period whose importance has only recently been recognised. Closed Tue, late closing Wed.

Brussels

Musée d'Ixelles. L'Impressionisme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expressionists, others such as Claus, Stobbaerts, Wouters have a distinct and increasingly valued style of their own. The finest show seen in Brussels for some time. Closed Mon. ends December 16.
Galerie Isy Brachot. An exhibition to celebrate its 75th anniversary: contemporary paintings.
Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development. Daily.
Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 300 Paleontological exhibits. Daily, ends December 30.
Musée d'Art Moderne. The Goldschmidt Collection of modern paintings recently left to the museum is on view in its entirety for the first time. Works by Braque, Chagall, Hockney, Klee, Miro and others. Place Royale. Closed Monday, ends December 16.
Musées Royaux d'Art et d'Histoire. Inca-Peru an exhibition that traces the evolution and decline of the Inca culture through 450 artefacts. Closed Monday, ends December 31.

Madrid

Centro de Arte Reina Sofia. After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Future: Italian art 1900-1964 is the most comprehensive show organised to date on 20th century art.
Museo Nacional Centro de Arte Reina Sofia. Giacometti, undoubtedly the most important retrospective organised to date of this Swiss artist's work. Some 300 works are on show including drawings, paintings and sculptures – half of these have never been publicly exhibited before.
Fundacion Juan March. Cars. Andy Warhol's unfinished series of car drawings and paintings, commissioned by Daimler-Benz on the centenary of the invention of the automobile, on loan from Daimler-Benz in Stuttgart.
The Cambo Legacy. Francesc Cambo, Catalan financier and politician, was also the owner of a magnificent private collection of paintings, built up between 1927 and the Spanish civil war. Intended from the beginning to enrich eventually the collections of the Prado and Museo de Cataluna and to fill in their artistic gaps, paying particular attention to Italian renaissance art: Botticelli, Titian, Tintoretto, Verones, Sebastiano del Piombo, Perugino, Goya, el Greco, Zurbaran, Rubens. Museo del Prado. Ends December.

Barcelona

Museo de arte Moderno. Modernism. A comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its different aspects: including painting, posters, jewellery, furniture, stained glass, wrought iron and ceramics. Many of the items on show belong to private collections and have never been publicly exhibited before, others are museum pieces which have been specially restored for the occasion. An additional suggestion would be to walk around Barcelona's modernist area in order to admire some of its most important modernist facades.
Museo Picasso. Homage to Jacqueline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso, they married in 1958. The exhibition brings together some 150 works including portraits, paintings, sculptures, prints and pottery, in an important retrospective of the last 20 years of Picasso's artistic life and a homage to his favourite model. Ends January.

Rome

American Academy: Giovanni Battista Piranesi: 135 engravings of Rome, made around 1770, the year of Piranesi's first visit to Rome, and the beginning of his long love-affair with the city. Recently acquired by the Arthur Ross foundation, this group of engravings includes a remarkable view of the Colosseum, seen from high on the outer wall, the city's grand baroque palaces seen from surprising angles and with dramatic light effects which make them almost sinister, and detailed accounts of the four main basilicas of Christian Rome. Ends December 16.
Spanish Academy. Small but delightful exhibition of works lent by the Barcelona Museum, at present undergoing restoration. All the works are of high quality, and offer astonishing contrasts of style from Zurbaran's sugary charm to El Greco's fierce mysticism. Included are two Italian works: Tintoretto's Portrait of a Gentleman and Bassano's Crucifixion. Ends Jan 9.

Berlin

Kronprinzenpalais, unter den Linden. The Kronprinzenpalais, reopens with an exhibition Poland, Time and Art. Eight Polish artists, born between 1945-1961, show 60 works, most of them covering the last three years. Ends Dec 14.

Frankfurt

Staedel Museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. For the opening ceremony there are four special exhibitions on the ground floor concentrating on Max Beckmann with works which have only be seen before in Leipzig, the hometown of the painter. Among the other artists are the American sculptors Richard Serra, Amselm Kiefer aswell as sculptures in the garden by Per Kirkeby. Staedel, Schaumain kai 63. Ends January.

Bremen

To commemorate the 100th anniversary of the constructivist painter Walter Drexel a retrospective is being held. He worked as painter, advertising manager and teacher. Ends January 13. Kunsthalle am Wall 207.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter.
Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.
Douglas Drake Gallery. David Hockney prints and photographs. 50 W 57th St.
Museum of Modern Art. High and Low: Modern Art and Popular Culture may have too broad a theme in highlighting common objects, like newspaper fragments in Cubist works, in 20th-century art, but it brings together a wide range of works by Dubuffet, Duchamp, Picasso, Warhol, Lichtenstein, among others.

Washington

National Gallery. The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces borrowed from around the world and mixed with the gallery's own fine collection. Ends Feb 24.

Chicago

Art Institute. One of Chicago's most noted contemporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.
Chicago Historical Society. A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects of the Great Emancipator.
Terra Museum of American Art. Winslow Homer in the 1890s focuses on the artist's Maine landscapes done at Prout's Neck. 664 N. Michigan Av.

ARTS

The modeller who met his Waterloo

Patricia Morison on images of war at the National Army and Imperial War museums

Historical models are admittedly a minority taste. However, I have developed a soft spot for these unfashionable objects ever since talking my way into a locked room at the Archaeological Museum in Naples where there is a fantastic model of Pompeii, carved out of cork. The lumber-rooms of our museums are full of crumbling miniature worlds, Roman villas and cities, cathedrals with pinnacles mantled by dust. Captain Siborne's Waterloo Model is one such Lilliputian achievement. After 30 years in store, it has returned as centrepiece of *The Road to Waterloo*, the new permanent exhibition at the National Army Museum in Chelsea (071-730-0717).

Captain William Siborne began his huge model, 420 square feet of plaster, in 1830 with money pledged by the Commander in Chief. It must have seemed a fine idea. Fifteen years after the Battle of Waterloo, public interest was still intense. Moreover, any tourist could see that the landscape of the epic contest of June 18, 1815, was changing. New houses were being built, and in 1826 the government of the United Netherlands in a mood of ebullient patriotism created the Butte du Lion, a huge mound to mark the spot where Prince William of Orange was wounded. Siborne convinced his superiors that a model was the answer. He was an expert surveyor, so for nine months he stayed at a farmhouse charting every undulation of the battlefield. Then he sent out a questionnaire to British officers asking for recollections of the scene when the battle was at its climax. Neither the Prussian allies nor the French were invited to contribute. Indeed, Siborne left off the stretch of terrain which would have shown most of the Prussian lines. His was a thoroughly British view of the battle.

Be that as it may, the model is fascinating and made with military precision. The 75,000 tin soldiers represent half the real number of combatants. They stand only 7 millimetres high so that at first sight they are lost in the landscape. So, to, are the corpses, of which there should by rights be some 39,000. You can just pick out Napoleon, on his white charger.

Corporal John McCain, 5th Dragoon Guards c1832, by A-J Dubois Drahonet

Siborne was a better modeller than a businessman. Three years into his project, the Army cut off funding to the model. He was determined to continue at his own expense, but when he eventually unveiled the model to the public at the Egyptian Hall in Piccadilly, the takings barely covered the cost of the exhibition. Siborne concluded that what the public really wanted was more models of the battle, smaller and on a larger scale. Unsurprisingly, when Siborne died in 1849 he was a ruined man, a martyr to the cause of miniaturism.

As for *The Road to Waterloo* itself, this is a worthy destination for a Christmas holiday route march with the children. In a low-key way, the National Army Museum has done well with its vignettes of a soldiering life. A disembodied voice tells us that in 1811, the British Army lost 23,000 men, of whom only 3,000 died in battle, the rest perished from hardship and disease.

Only the officers' uniforms have survived so the other ranks uniform is a recreation, muddied and torn to bring home the discomfort of it all. For that matter, officers also looked shambolic away from the mess-room and parade-ground. A full-sized reconstruction of a dragoons officer at Waterloo shows him with a muddy coat and leather trousers – uniforms had to be paid for out of an officer's pocket. It rained heavily before the battle and the umbrella over the officer's arm is not curatorial license. Wellington reprimanded officers for carrying umbrellas and making themselves ridiculous in sight of the enemy French.

The skeleton of Marengo, Napoleon's Arab grey, stands hunched in his glass case and missing a couple of hoofs. Marengo survived Waterloo and was put out to stud at Ely in Cambridgeshire. It appears that the stress of carrying the Hegelian "world spirit" into defeat had affected his constitution. Marengo's potency was dismal.

A rather effective model of a lady with a wounded soldier on her back refers to the story of a Mrs Skiddy, who carried her soldier husband on the retreat from Burgos in 1812. It seems that, *pace* innumerable historical novels, working class women could with complete respectability accompany the British Army overseas. Every company of 100 men was allowed to take 16 wives. A ballot was held on the quayside just as the troops were about to embark, in an effort to prevent men who drew the wrong piece of paper from taking to their heels.

Those with a passion for uniforms, which does not include your reviewer, will want to see the other exhibition at the National Army Museum (13 December to 10 March); British Military paintings by Alexandre-Jean Dubois Drahonet. He was a pupil of Ingres, commissioned to paint what were in effect military pin-ups for King William IV. A search through the Public Record Office has uncovered all manner of unsavoury details about the lives and times of Drahonet's sitters. As for the paintings, Drahonet's first exhibition in this country, suffice it to say that their chief point of interest is that the Queen still has them hanging in the Private Apartments in Windsor.

★

At the Imperial War Museum in Lambeth, *The Half-Used Life* is a small exhibition honouring the centenary of Isaac Rosenberg's birth. Over the last four decades Rosenberg has come to be widely regarded as the finest of the First World War poets. This is essentially a literary exhibition, with the manuscripts the most interesting things in it.

Rosenberg was born in 1890, the sons of Latvian immigrants who moved to the East End. His early paintings are muddy and dull. His competence was much greater by 1915, when he painted a series of self-portraits showing a tense, even hostile young man. He hoped to earn a living from portraiture. After all, there were Jewish artists who prospered mightily, like Solomon J. Solomon, subject of a retrospective at the Ben Uri Gallery in London last month.

However, Rosenberg was an outsider, working class, Jewish, and weak-chested into the bargain. In the summer of 1915 he enlisted, not out of patriotism for a country which inspired no deep affection in him, but because he could send half his soldier's pay home to family.

In pencil, on precious scraps of paper, Rosenberg struggled to write poems adequate for the horror of the war. He rejected the "beglories sonnets" of Rupert Brooke, a symbol of patriotic self-sacrifice from his death in 1914. Instead he wrote that he was looking for a style which would be "colder, more abstract, with less of the million feelings everybody feels". Rosenberg was killed in action on 1 April, 1918. It took eight years before the place of his death was ascertained by the imperial War Graves Commission, and then military rules did not allow his family to have the words poet and artist inscribed on his tombstone.

Tamsin Oliver, Susan Kyd and Joan Plowright

Time and the Conways

THE OLD VIC

The time is 1919. The play is middlebrow, the background middle class and the place is middle England – a city called Newlingham. There is a switch from the end of the first world war to the eve of the second, and back again. The Conways are a solid family whose hopes are not fulfilled. There may also be a message that the post-1918 hopes were not fulfilled either. In short, this is a well-made drama by J B Priestley, starring Joan Plowright to boot.

Time is not kind to the Conway family. It could have been kind to the Conways play, for the text and the construction have a great deal going for them. The production at the Old Vic leaves that in doubt.

Much of the fault must lie with Ms Plowright, though the direction can scarcely escape whipping. The principal error is that the production fails to show that 20 years is quite a long time, and that a family in decline whose money has run out can go down quite a long way.

Ms Plowright plays Mrs Conway, a widow and mother of six who at the start is in her early 40s. She is short neither of wealth nor position. All the signs are that she must have been fairly attractive. Ms Plowright plays her as if she is already over the top. That creates problems when we make the 20 year year jump to 1939.

Ms Plowright looks then much as she did at the beginning, drinking a bit more port perhaps, but otherwise not visibly different. Neither has the set, which the text suggests should have become noticeably more shabby – it is after all the same house – much deteriorated. This lack of attention to detail means that some of the underlying assets that Priestley provided are thrown away.

Some of the best lines are thrown away as well. Perhaps it is too much to expect a modern audience to understand references to Lloyd George and the line in the game of charades in 1919: "We've had too many generals." But you could at least try to get them across. In particular, you should pay some attention to Mrs Conway's line: "Thank goodness I was not so stupid as to stop singing German songs. What have Schubert and Schumann to do with Hindenburg and the Kaiser?" German music has a bearing on the play, as we discover at the end, but by then it is too late.

The lines that get the laughs are from the mother being rude about her daughters, much as you might see in a television soap. That is unfair to Priestley, who wrote an intelligent piece. He also devised some fine parts.

The best two at the Old Vic are Madge, the school mistress who went to Girton (played by Julia Swift), and Alan, the amiable son without ambition (Andrew Hawkins).

Time is directed by Richard Olivier, and there are several other Oliviers in the cast. The production is intolerably slow: a consolation is that it is a good enough play to improve with time.

Malcolm Rutherford

Beneath the Skin

SADLER'S WELLS

The opening image of Jonathan Lunn's new *Beneath the Skin* for London Contemporary Dance Theatre is promising. The cast hang above the stage on trapezes and ropes as if waiting to descend into the dance. When they reach stage-level, however, nothing which follows lives up to that first quick shock of interest. This is a piece with a message – so declares its programme note – about two groups who battle for some form of social supremacy, and worthy as its ideals may be, the result is grindingly earnest as bodies tussle and pair off in dismal couplings. Dingy lighting – which may have been owed on Wednesday night to the Wells' power failure in the foyers – and activity at once gloomy and frantic, shed no illumination on the theme.

That the dancers are further lumbered with the most hideous and capricious clothes I have seen on the dance-stage this year – some of the men in tartan trews with mini-kilts; the women given dresses that make them look like Soviet lady truck-drivers *en grande toilette* – is no help to understanding their behaviour. There are, nonetheless, dance-ideas of interest, despite a score (Britten's solo 'cello suite) which sits ill with movement, but they are obscured by the incidentals of social preaching and production.

Happily the programmes has as its heart Kim Brandstrup's *Orfeo*. This seems to me that rare thing, a perfectly balanced and proportioned work of art. It is formally subtle, the legend told in terms of modern dance and Baroque opera, yet with no disjunctions of style. It is visually exquisite, Craig Givens' clothes both elegant and ravishing; his setting, with its simple balustrade, economical and poetic. It has an electronic score, by Ian Dearden, as alert to period contrasts and harmonies as the choreography. There results a retelling of the myth that is piercingly apt, and no less piercingly beautiful, as two theatrical languages unite in purpose and grace.

Performances are magnificent: Kenneth Tharp a beast of prey as Death; Tracey Fitzgerald radiantly pure as Eurydice and David Hughes innocent and ardent as Orfeo; Jonathan Lunn a commanding Apollo. Brandstrup's dances, moving from noble pose to fluent action – Eurydice dying as a flower dies, folding in on herself; Death a prowling presence, poised for the kill – bring a seamless and heart-touching union to gesture and step. It is a work wherein imagination and expression have been perfectly tuned. It should be seen – it remains in the repertory until Saturday – and it must, surely, be recorded for television.

Clement Crisp

What the Butler Saw

HAMPSTEAD THEATRE

"Have you taken up transvestism? I'd no idea our marriage teetered on the edge of fashion." How good to be back in Joe Orton country. In recent years it has been easier – thanks to the biography, the diaries, the play, the film – to spend time in the world of Orton's personal life than in that of his plays. When we hear now that Dr Prentice in *What the Butler Saw* views Gentlemen's Lavatories as "the last stronghold of male privilege," we can't help finding new connotations.

But who Orton was or how he lived and died is of no great consequence while the curtain is up on one of his plays. Fast, ingenious, hilarious and subversive, *What the Butler Saw* is a classic. It sparkles with the comic wisdom of Coward, Wilde, Feydeau, the Restoration playwrights and Aristophanes.

And, though Orton wrote it 23 years ago, it is a great *modern* comedy. Just look at some of the things that occur in the first three minutes alone. A psychiatrist, interviewing a new secretary, has her undress for him. She reports that a recent gas explosion not only killed her stepmother but imbedded parts of a statue of Winston Churchill in her. She announces that her shorthand speed is 20 words a minute and that she hasn't got round to typing yet. And he tells her his wife is a nymphomaniac.

This would be disarming enough to launch any play well. But what makes *What the Butler Saw* so satisfying is that they aren't just there as easy laughs, they're all part of the plot. Orton introduces the threads of his farce with casual brilliance. Who could know, the first time around how important the Station Hotel, Churchill's exploded statue, a woman's wig and more will be?

The director of this Hampstead production is John Tillinger, who has staged numerous Orton plays on and off Broadway. I wish I could praise his work here and his cast more. Everything goes at a properly fast and furious speed. The cast – Clive Francis and Sheila Gish as Dr and Mrs Prentice, Camille Coduri and Ben Porter as the two youngsters who find themselves trapped in this madhouse, Joseph Maher as Dr Rance and Gary Olsen as Sergeant Match – is expert. But, early on, some dialogue rattles along more smoothly than is sensible in these fraught farce situations. Later, the reverse occurs and characters show hysteria when they should be trying desperately to paper over the cracks.

Alastair Muir

Camille Coduri and Clive Francis

Everyone tends to play their role as a stock type rather than as the unnervingly subtle characters Orton's play is all about. Some of the play's sexual innuendo is so nudged and underlined that the more blatant eruptions become less, not more, funny. If you have clear memories of good stagings of *What the Butler Saw*, you have no need to see this one. If you do go, however, you can rely on the play itself. Orton himself never disappoints.

Alastair Macaulay

Flor's Mozart

ROYAL FESTIVAL HALL

The deluge of Bicentennial Mozart is beginning in earnest. Wednesday's Philharmonia concert, which launched the "Sunday Times/Times Mozart Bicentennial Festival", is just one of the earliest of the all-Mozart programmes which will be occupying London's concert halls over the next 12 months (and probably longer).

Sane Mozart-lovers – and this phrase must not be allowed to exclude his most impassioned admirers – may already be worrying over the linked dangers of Mozart overkill and Mozart surfeit with which they are faced; however, if all the events prove to be as carefully prepared and finely executed as this one, then sheer quality will offer the best protection against indigestion.

The conductor was Claus Peter Flor, the young German (formerly East German) of growing international reputation – next year he becomes this orchestra's Chief Guest. On this showing he possesses an excellently keen ear for balance, a nice sense of Mozartian instrumental colour, and, best of all, a willingness to engage with the argument of the music rather than simply prettifying it and jollying it along. The opening work, the C major Symphony, K.338, showed as much: bright-sounding, athletically light, moved along by currents of agile phrasing edged, in the best way, with nervous energy (this was greatly assisted by woodwind prominence). Only the necessary smiling touch was missing.

Flor's vigorous but "personal" approach, and the Philharmonia's evident response thereto, were to be again admired in the E flat Sinfonia Concertante: the accompaniment to the string soloists was expertly tactful yet unusually vivid in flecks and details of colour. The only imbalance came, unfortunately, with the leading duo – Victor Tretyakov's clean but rather plain violin line was continually outpointed by the seductive beauty and grace of Yury Bashmet's viola.

As finale, and the with the addition of London Voices as compact-sized choir, Flor gave us a *Coronation* Mass of precisely judged style. This is not a *deep* work, so nothing would be gained by attempting to turn it into one: but its blithe major-key charms need firm, fresh handling, which they here unfailingly received. A bouquet for the soprano of the solo quartet, Yvonne Kenny, whose lustrous soprano is now in full bloom, and who shaped all her solos with ideal delicacy.

Max Loppert

ARTS GUIDE

December 7-13

MUSIC

London

BBC Symphony Orchestra conducted by Lothar Zagrosek. Schoenberg, Busoni and Beethoven's 7th (Fri). Royal Festival Hall (071 928 8800)
Kremer/Argerich play sonatas by Prokofiev. (Sat). Barbican Hall.

Glory of Christmas: music by Bach, Handel, Mozart. (Sun). Barbican Hall.
London Philharmonic is joined by mezzo-soprano Sarah Walker to sing a Prokofiev cantata conducted by Kurt Masur. Also Schumann and Brahms (Sun). Royal Festival Hall (071 928 8800).
Royal Philharmonic plays Johann Strauss' *Fledermaus*. Andre Previn conducts and Dame Kiri Te Kanawa sings (Mon). Royal Festival Hall (071 928 8800).
Chamber Orchestra of Europe directed by Paavo Berglund play Haydn and Sibelius. (Mon). Barbican Hall.
Academy of St Martin-in-the-Fields conducted by Sir Neville Marriner. Tchaikovsky and Dvorak (Tue). Royal Festival Hall.
City of Birmingham Orchestra conducted by Simon Rattle perform Mozart and Ravel. (Wed). Barbican Hall.
London Symphony Orchestra conducted by Sir Colin Davis perform Mozart. (Thur). Barbican Hall.

Paris

Noel Lee-Christian Ivaldi, piano. Schubert, Debussy, Stravinsky. (Mon). Salle Gaveau (49530507).
Gheorghe Zamfir, pan's flute with the Oratorio's choir and French orcehstra, Versailles polyphonic ensemble, Francis Poulenc choir conducted by Jean-Pierre Lore: Bach, Bartok, Zamfir. (Mon). Salle Pleyel(45638873).

Ensemble Orchestral de Paris conducted by Armin Jordan, Raphael Oleg, violin: Mozart, Beethoven (Tue). Salle Pleyel (45638873).
Paul Badura-Skoda recital (Tue). Salle Gaveau (49530507).
Orchestre de Paris conducted by Semyon Bychkov, Jean-Philippe Collard, piano: Bizet, Saint-Saens, Dutilleux, Ravel (Wed, Thur). Salle Pleyel (45638873).
Orchestre National de France conducted by Karl Anton Rickenbacher: Mendelssohn, Ives, Beethoven (Thur). Théâtre des Champs Elysees (47203637).
Les Arts Florissants conducted by William Christie: Marc-Antoine Charpentier (Thur). Auditorium des Halles (40282840).

Antwerp

Collegium Aureum and Tolzer Knabenchor conducted by Gerhard Schmidt-Gaden. Bach's Christmas Oratorio (Thur).

Amsterdam

Royal Concertgebouw Orchestra conducted by Klaus Tennstedt perform works by Schönberg, Mahler. (Fri, Sun matinee).
Netherlands Philharmonic conducted by Hartmut Haenchen perform Schumann and Schubert. (Sat, Tue).
Hague Philharmonic perform Lalo. (Mon).
Royal Concertgebouw play Tchaikovsky and Dvorak. (Wed, Thur).

Brussels

Belgian National Orchestra conducted by Ronald Zollman and the Brussels Choral Society conducted by Tom Cunningham with Greta De Reyghere (soprano), Christine Cairns (mezzo), Martyn Hill (tenor), Brian Rayner Cook (bass). Mendelssohn and Schubert (Fri, Sat). Palais des Beaux-Arts (507 82 00).
Wiener Kammerphilharmonie conducted by Claudius Traunfellner with Bettina Gradinger (violin), Wolfgang Redik (violin). Bach, Mendelssohn, Rossini, Schoenberg (Tues). Maison de la Radio (649 09 14).

Florence

Zubin Mehta conducting Bartok, Brahms (with pianist Murray Perahia) and Vivaldi (Fri, Sun). Teatro Verdi(212320).

Rome

Janos Furst conducting Faure, Lalo and Bruckner (Sat, Sun, Mon, Tues). Auditorium in Via Della Conciliazione (6541044).
Nuovo Quartetto di Roma play Fauré and Brahms (Thur). Oratoriodel Gonfalone (6875952).

Madrid

Spanish National Orchestra conducted by Aldo Ceccato, with Aldo Ciccolini (piano). R Schumann (Fri 7, Sat 8, Sun 9). Auditorio Nacional de Musica (337 01 00).
Renata Scotto (soprano), Vincenzo Scalera (piano). Gluck, Rossini, Verdi, Puccini (Wed 12). Auditorio Nacional de Musica (337 01 00).
Joaquin Soriano (piano). Mozart, Schumann, Rachmaninov, Scriabin (Thurs 13). Auditorio Nacional de Musica (337 01 00).

Barcelona

Klara Takacs (mezzo-soprano), accompanied by Miklos Harazdy (piano). R. Strauss, Wagner, Schumann (Mon 10). Palau de la Musica Catalana. (301 11 04).

New York

Canadian Brass. Christmas programme. (Tue). Carnegie Hall (247 7400).
Boston Symphony Orchestra conducted by Seiji Ozawa with Peter Serkin (piano). Verdi, Schoenberg, Beethoven. (Wed). Carnegie Hall (247 7400).
New York Philharmonic conducted by Samuel Wong with Vladimir Feltsman (piano). Schnittke, Rachmaninoff, Shostakovich. (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

Chamber Music Society of Lincoln Center directed by Fred Sherry. Schubert, Brahms, Mendelssohn. (Wed). Concert Hall, Kennedy Center (467 4600).
National Symphony conducted by John Eliot Gardiner with Joshua Bell (violin). Chambrier, Schumann. (Tue). Concert Hall, Kennedy Center (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Erich Leinsdorf. Stravinsky, Prokofiev. (Thur). Orchestra Hall (435 8122).

SALEROOM

Sellers withdraw before auction

After the disasters at Christie's and Sotheby's on the preceding evenings Phillips had few illusions about its sale of Impressionist and Modern art on Wednesday night. It totalled £656,403 but was 72 per cent unsold. Many sellers withdrew their works just before the auction so the result might have been even worse. However the top lot, a gouache of 1919 by Picasso which merged Cubism with naturalism, sold well above estimate at £264,000.

The woe continued at Sotheby's post-War and contemporary art sale yesterday which brought in £3.28m but was 63 per cent unsold. However, the failure of the two most important lots to find buyers contributed greatly to the high bought in percentage: a Dubuffet, "Offres galantes", was unsold at £950,000 and a Yves Klein at £780,000. In terms of lots 25 were unsold as against 33 that found buyers. Another work by Klein, a totally blue canvas, went to the US for £242,000 (well below its £350,000-£450,000 estimate) and a German dealer paid £203,500 for "Tourist" by the German artist Gerhard Richter.

Picasso is difficult to sell these days and the major disappointment at Sotheby's book auction was "Saint Matorel", one of the most important illustrated books of the 20th century. It was written in 1911 by Max Jacob, and Picasso provided the four plates which were the earliest Cubist etchings. Only 106 copies were printed and Sotheby's put an estimate of up to £75,000 on the volume. The highest (unsuccessful) bid was £36,000.

A large archive devoted to the circus sold well, at £52,690, and Gyles Brandreth disposed of a large group of pantomime scripts going back to 1807, the source of many of his jokes, for £3,410. An unrivalled archive about George MacDonald, the 19th century Scottish fantasy writer, with many signed first editions, realised £4,620 while Quaritch bought 400 copies of Russian satirical journals of the period 1905-7 for £8,250.

Old Master prints is one of those markets for serious collectors which is not suffering too badly during the recession. Sotheby's auction yesterday totalled £905,795 with 20 per cent unsold. A group of almost 50 Rembrandt etchings did particularly well, making £364,490 and only 5 per cent unsold. They provided the top price – £93,599 from Artemis, the London dealer, for a tiny landscape with a sportsman and dog. A German dealer paid £79,200 for an engraving of an elephant with a castle on its back catalogued as "After Hieronymous Bosch". Its top estimate had been £12,000.

Antony Thorncroft

FINANCIAL TIMES

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Friday December 7 1990

Linkage good and bad

PRESIDENT SADDAM Hussein's announcement that all foreign hostages in Iraq and Kuwait are to be freed can only be welcomed, especially if it is swiftly translated into fact. His statement that the decision was taken for humanitarian reasons and "not related to political developments" can, however, scarcely be taken at face value. In fact he contradicted it himself when he added that the hostages' departure (previously to have been staggered over three months from December 25) had been brought forward in response to President Bush's proposal of direct US-Iraqi talks. It seems likely that the US made the release of all the hostages a precondition of Mr James Baker's visit to Baghdad. He would scarcely, after all, have wished to take his place in the long line of elder statesmen who have gone there to intercede for them.

What are Mr Saddam's motives? No doubt he is well aware of the growing anti-war feeling in the US and is anxious to encourage it. Presumably he has also been convinced, by his succession of western visitors, that holding the hostages would not in the last resort deter the US and its allies from a military attack, and might even make it easier for them to order such an attack, by making Iraq specially odious to western public opinion.

Palestinian problem

So far so good. But reportedly he also hopes to create a favourable atmosphere for the US-Iraqi talks, at which he intends to put the Palestinian problem at the top of the agenda. That will not and should not work. The US has rightly set its face against "linkage" in the sense of allowing Mr Saddam to bargain his withdrawal from Kuwait against an Israeli withdrawal from occupied Arab territory. There is no reason why the unfortunate Kuwaitis – who as it happens were always generous in their support of the Palestinian cause – should be used as hostages to extort concessions from Israel and the United States.

But in another sense the two issues are inescapably linked. Arabs who oppose Iraq's seizure of Kuwait find it acutely embarrassing to have to rely on the support of a power which also supports Israel, enabling that state to maintain its occupation of Arab territory and its refusal of any dialogue with the designated representative of the Palestinian people. The US has always claimed to be working for an equitable settlement of that conflict. Now of all times it cannot afford to let that claim sound hollow.

Peace conference

Such is the point repeatedly made to the administration by its European allies, and the administration has found it sufficiently persuasive to be willing to discuss a new Security Council resolution, and at least to consider wording which would refer to the possibility "at an appropriate time" of a "properly structured" international peace conference – wording which Mr Baker's denial yesterday seemed carefully to avoid ruling out.

That does not offer much real hope to the Palestinians, but at least it will enable Mr Bush to tell Mr Tariq Aziz, when he attempts to raise the issue, that it is already being dealt with in a far more appropriate forum, the UN Security Council. If Mr Saddam chooses to claim that as an achievement to cover his withdrawal from Kuwait, well and good. But what will be of much more immediate importance to him is an assurance that, if he does withdraw, Iraq will not be attacked.

That assurance should be forthcoming, and Mr Bush should make it clear that he expects Israel as well as his other allies to respect it. Whatever other war aims one may like to imagine, from the destruction of Iraq's putative nuclear weapons programme to the deposition of Mr Saddam himself, the fact is that to go to war for those aims without the freedom of Kuwait as *casus belli* would be neither morally nor politically justifiable. The liberation of Kuwait without war would not be a "Middle Eastern Munich" but a great achievement of the new world order, and a basis from which to apply creative diplomacy, rather than violence, to the Middle East's other problems.

Adapt now or pay later

THE UNEMPLOYED are once again to bear the consequences of myopic British pay-bargaining. Employers and unions remain unwilling to recognise that wage settlements based on last year's retail price inflation are a recipe for disaster. Not least because the external constraints upon wage bargainers have changed, so too must the style of wage contracts.

Faster nominal wage growth in Britain than in Europe can presumably no longer be offset by a depreciation of the exchange rate, now that sterling has entered the European exchange rate mechanism. Competitiveness will fall, instead, until price inflation in internationally competitive goods and services drops to German levels.

Yet, old habits died hard. The inevitable fall in nominal earnings growth is set to occur at the expense of accelerating unemployment. Wage rises of 10 per cent imply an unsustainable level of real wage growth over the coming year, even if inflation does not drop quite as fast as the Treasury forecasts for the end of the year. Wages could increase by more than 4 per cent in real terms, at a time of falling output and stagnant labour productivity.

Real wage gains on this scale would reduce competitiveness and profits, so increasing unemployment until the threat of job losses moderates the demands of pay bargainers. Such transitional unemployment is economically wasteful, disastrous in human terms and difficult to reverse, as European experience of the past 10 years illustrates.

Necessary consequence

Rising unemployment is not a necessary consequence of nominal wage deflation. Employers should, instead, offer contracts that guarantee a feasible level of real wage growth over the coming year. For example, real wage growth of 1 per cent would imply a 6 per cent rise in nominal wages in 1991, given the expected price inflation of 5 per cent.

The risk for employees is that actual inflation might be higher than expected. This risk could be removed by guaranteeing the agreed real wage increase. If inflation were higher than expected, the company could make up the difference in a lump-sum at the end of the year.

Such forward-looking contracts would not prevent companies from varying wages according to the need to recruit and motivate different types of workers. Contracts based on expected inflation would speed the fall in average nominal wage growth, but would not distort relative wages.

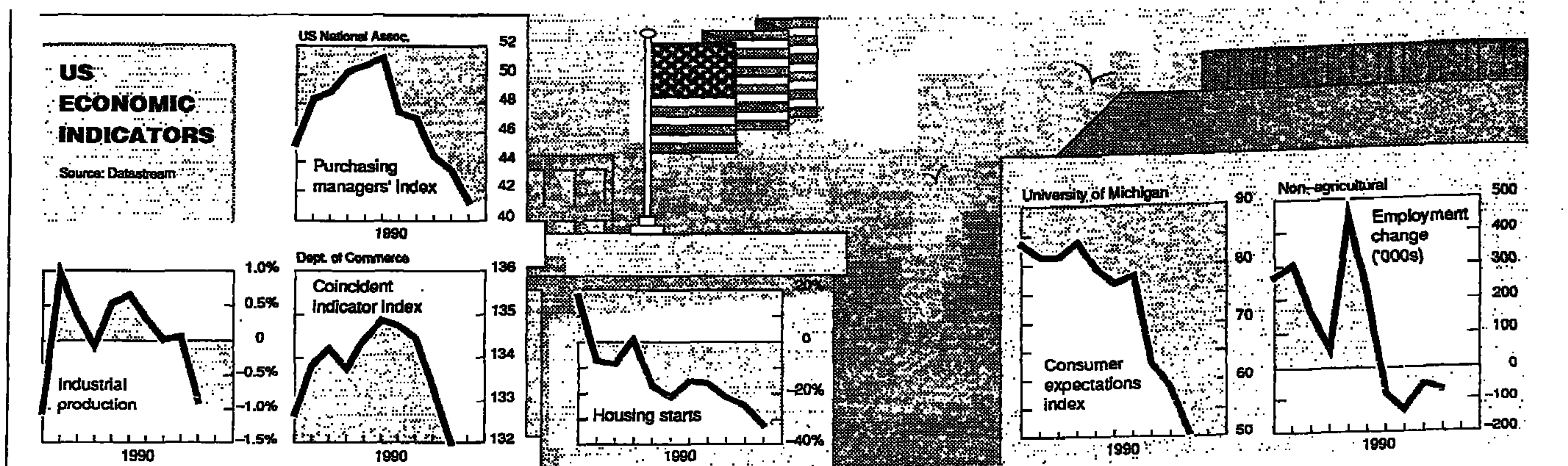
Nominal wage

A shift to such contracts would be in the interests of both management and workers. The problem is that the majority of companies must move to the new style of contract together. While collectively rational, it might be irrational for individual companies to cut the nominal wage they pay relative to their competitors at time when skilled labour is in short supply.

Thus, the Confederation of British Industry's exhortations to individual employers to base wage increases on prospective inflation are inevitably ineffective, as the CBI has implicitly conceded. Its latest forecast predicts the rise of average earnings in manufacturing at 9.3 per cent in 1991.

The CBI appears unwilling and perhaps unable to co-ordinate a concerted move to forward-looking contracts. But by consistently arguing that companies should pay real wage increases equal to their individual productivity growth, the CBI has contributed to intellectual confusion and thereby made a rapid fall in wage and price inflation more difficult. Economic efficiency requires that above average productivity gains be passed to consumers in the form of lower prices rather than wage increases, which merely boost the average rate of wage inflation around which relative wages can vary.

To reduce average wage growth to European levels will require either a major shift in attitudes to wage-setting or a costly rise in unemployment. The latter is unnecessary, undesirable and unreasonable. A concerted effort by the government and the CBI to persuade companies to shift to forward-looking wage contracts is long overdue.



It's termed a "downturn", not a "recession" – yet, says **Michael Prowse**

Cracks deepen in the US economy

The debt-laden US economy defied both its critics and gravity during the 1980s. But it now appears to be sinking rapidly. Nearly every recent economic indicator – from consumer confidence to industrial production and employment – is signalling a sharp deterioration in business conditions.

Policymakers are still refusing to use the dreaded word recession but almost everybody agrees the economy has entered what Mr Alan Greenspan, the chairman of the Federal Reserve, dubs a "meaningful downturn".

But the likely duration and severity of the downturn remain hotly disputed. Mr John Sununu, the White House chief of staff, predicts a short and mild recession, quipping in private that it "will be over before most economists acknowledge that it has begun". Such optimism is supported by the Organisation for Economic Co-operation and Development's latest assessment of the US economy. While highlighting medium-term structural problems, this foresees nothing worse in the short run than a sharp slowdown in the rate of growth.

Others, however, worry that an unintended tightening of credit, popularly dubbed a "credit crunch", will interact with chronic problems in sectors such as real estate and precipitate a full-blown recession perhaps approaching in severity the 1973-75 and 1981-82 downturns.

The Federal Reserve signalled its concerns about credit tightening this week by announcing a cut in banks' reserve requirements, the first such change since 1983. This was designed to boost banks' profitability and encourage increased lending. Mr Nicholas Brady, the treasury secretary, has repeatedly urged banks not to abandon their good customers while promising far-reaching reforms of the beleaguered banking industry.

The Fed has also gradually lowered interest rates in recent weeks despite the exceptional weakness of the dollar and fears that the US's overseas creditors might withdraw funds.

Forecasters of all stripes agree that predictions are particularly hazardous at present. Not all indicators point to decline: durable goods orders, for example, remain fairly strong even allowing for erratic items. The economy, moreover, has changed structurally in the past decade with service industries assuming greater importance. Computer models have not fully caught up with the changes nor do they cope well with "balance sheet" effects, such as falling asset prices, which have not played a key role in previous post-war recessions.

Economists are also keenly aware that the outcome of the Gulf crisis, while critical for the US economy, remains unpredictable despite yesterday's announcement by President Saddam Hussein that all foreign hostages were free to go home. If peace initiatives succeed, oil prices could sink back below $20 and improve the outlook for growth and inflation, but if hostilities prove unavoidable, oil prices could soar to $80 a barrel.

The only certainty is that the economy, having bobbed about for most of the year, began to weaken rapidly this autumn. The important indicators of possible recession include:

- *Purchasing managers' index.* This broadly-based and closely-watched gauge of industrial conditions is the first important indicator to be published each month. In November, it fell more than two points to 41.3, the lowest level since May 1982. A reading below 50 indicates that the manufacturing economy is declining; a reading of below 44 that the whole economy is contracting. The index has been falling since June and has been below 44 for two months.
- Leading indicators. The composite index fell 1.2 per cent in October, the fourth successive monthly decline. The coincident index of economic activity has also fallen for four months. Such persistent weakness is a strong but not certain indicator of recession.
- Industrial production. The fall of 0.8 per cent in October was sharper than expected. But what really made alarm bells clang was the fact that declines were registered in almost every sub-sector of industry. The press release was a sea of minuses.
- Consumer confidence. Very sharp falls in October have carried over into November. The widely followed University of Michigan index registered its biggest fall for 40 years. Confidence is now nearly as low as during the 1981-82 recession although consumer spending itself is holding up rather better.
- Employment. Private sector employment and hours worked both dropped markedly in October. Initial claims for unemployment insurance have moved significantly higher in recent weeks. Bad November employment figures are expected today.
- Housing starts. Real estate has been in recession in many parts of the country, notably the north-east, for at least a year. But the 6 per cent decline in starts in October was unusually large. There were also signs of weakness in California, which had been more buoyant than the east coast.

The consensus view is that the recession did not begin until September or October. In last week's testimony to Congress, for example, Mr Greenspan said the economy had been expanding at a moderate rate prior to Iraq's August 2 invasion of Kuwait. This had a substantial adverse impact, raising prices and reducing business and consumer confidence.

Other economists, however, while accepting that the Gulf crisis aggravated the downturn, say the economy peaked much earlier. Mr Geoffrey Moore, the director of the Centre for International Business Cycle Research at Columbia University and a member of the official panel which dates recessions, believes this downturn may have begun as early as June. This is when total employment, industrial production, real income and sales, and the coincident index of economic activity peaked, he says.

Forecasters now expect GNP to fall this quarter, although estimates of the annual rate of decline vary from under 1 per cent to about 3 per cent

Most forecasters now expect Gross National Product to fall this quarter, although estimates of the likely annual rate of decline vary from under 1 per cent to about 3 per cent. Most see the weakness extending into the first half of next year but few anticipate a prolonged and severe downturn comparable to the recessions of 1973-75 and 1981-82. These lasted about 16 months and involved peak-to-trough declines in GNP of 4.5 per cent and 3.5 per cent respectively.

The likely duration of this recession is put at well under a year with GNP falling by no more than a total of about 1½ per cent. Some economists regard this as an overestimate, arguing that recent cuts in production are precautionary rather than a response to collapsing consumer demand, and will be reversed early next year.

The consensus view that any recession will be fairly *shallow* reflects an attempt to balance several positive and negative factors. In its upbeat assessment, the OECD drew attention to the relative stability of the "core" inflation rate – in other words the headline rate minus erratics such as oil and food – and the leanness of business inventories.

The deep recession of the early 1980s was precipitated by the sharp monetary tightening ordered by Mr Paul Volcker, then Fed chairman. The crackdown was needed because the US faced the threat of double-digit inflation. In the absence of a Gulf war, no such threat exists today. Interest rates are being lowered rather than raised. There is thus no reason, say optimists, to expect a sudden collapse of economic activity.

The sharpness of the 1981-82 downturn also reflected a rapid build-up of inventories or unsold goods. Savage production cuts were the only way to clear them away. But US industry now employs more sophisticated stock control technology and watches demand trends more closely.

The inventory-to-sales ratio is accordingly near to an historic low, having trended down for eight years. The leanness of inventories, claim optimists, makes sharp production cuts unlikely; the recession will therefore be modest. The argument, however, is not entirely persuasive. Better technology means that fewer inventories are needed even in good times. And a declining inventory-to-sales ratio in the early 1970s did not prevent the severe 1973-75 downturn.

Indeed, Mr Rudolf Penner, the former director of the Congressional Budget Office, recalls that in November 1973 tight control of inventories provoked a similar mood of misplaced confidence. A little later the economy fell over a cliff.

A third alleged ground for confidence is the strength of exports, which accounted for more than 80 per cent of growth in the first half of this year. However, the export turnaround of recent years was due as much to the rapid expansion of overseas markets as the fall in the dollar. The US's Anglo-Saxon trading partners – Canada, the UK and Australia – are now in recession while growth is faltering in much of the rest of the world including parts of continental Europe. Exports in any case account for only a small portion of US GNP.

Pessimists can cite some apparently compelling reasons for expecting a more serious recession. The large budget deficits spawned by the Reagan years of "voodoo economics" (to use Mr George Bush's expression) have eliminated any scope for fiscal relaxation. Indeed, the White House and Congress have just agreed a five-year programme of tax increases and spending cuts.

Monetary policy is also constrained by the dollar's weakness and the need to keep America's external creditors happy. However these constraints can be exaggerated. The Fed is likely to respond to further economic weakness by lowering interest rates again, even if this causes the dollar to depreciate. And creditors cannot object too loudly because a really deep US recession is in nobody's interests.

But the largest source of concern remains the fragility of the banking system and the extraordinarily high level of personal and corporate indebtedness. The ratio of private and public debt to GNP rose sharply throughout the 1980s and on some calculations now approaches levels last seen in the 1930s.

The risks here are difficult to quantify. The OECD, rather bravely, has tried to calm nerves. It says worries about corporate debt are overdone because they ignore corresponding rises in the market value of equity. And it says banks' balance sheets are not so weak as to suggest an impending "credit crunch".

The Federal Reserve, however, seems perturbed. Mr Greenspan has said that many types of company are now experiencing difficulties obtaining financing. And the statement accompanying Tuesday's cut in banks' reserve requirements said that the unintended tightening of credit conditions was exerting a "contractionary influence on the economy".

The Fed would clearly do its best to counter the kind of chain reaction of defaults that wrecked the US economy in the 1930s. But it is already discovering that in a recessionary climate, monetary relaxation can sometimes be as ineffectual as "pushing on a piece of string", to use Keynes's memorable phrase.

Financial fragility is a serious worry. But given modern understanding of how economies work, an unnecessary deepening of the present downturn on this score should be avoided. However, America's burden of debt – private, public and external – will constrain growth in the medium-term. It may also scupper the White House's hopes of a speedy recovery from recession. That could dent Mr Bush's prospects of re-election in 1992.

OBSERVER

The miracle that failed

■ There was a media stampede at the deadlocked GATT talks in Brussels when the public address system announced an immediate news conference by "the EC". Reporters' hearts as well as feet raced at the thought that the European Community might be miraculously releasing its brake on the wheels of progress.

The panting mob were disappointed. The conference had been called, not by the European Community, but by the Ecumenical Community – a group of clergy wishing to discuss the spiritual aspects of free trade.

They were disappointed too. Despite their clerical collars, security guards refused them entry to the conference room because they had omitted to get official accreditation badges.

The real news, when it came later, was less exciting. What's happened, it seems, is not so much that negotiations are to go forward as that they merely failed to break down.

Troubled water

■ Faced with a record budget deficit, the Greek government wants to sell the presidential yacht, the Argo, which it inherited under the will of shipping tycoon Aristotle Onassis who died in 1975.

It has been used only once in the past six years, to entertain a visiting head of state. But it costs the Defence Ministry $1.5m a year in maintenance even without leaving port.

Current president Constantine Caramanlis has no objection to the sale. But it has run into troubled water.

Nobody wants the ship as such. It is a former Canadian Navy frigate which Onassis converted in the 1950s. Potential buyers are interested solely in its contents. Besides the tycoon's valuable cabin furniture, they include personal effects such as books presented by Sir Winston Churchill, a frequent guest on board, and three paintings attributed to El Greco.

Ownership of the contents is claimed by the Onassis Foundation – guardian of the family interest on behalf of four-year-old Athina Onassis, the tycoon's grandchild – which wants to display them in a museum named after him which is being built in Athens.

Having had no response to its offer to buy them, the foundation is considering legal action to get them back.

Cross purposes

■ The good news is that the Republic of Ireland's beer drinkers can now take full advantage of cheaper prices in Northern Ireland. A ruling by the EC Court of Justice says Dublin's regulations limiting the import of beer from the North to 12 litres per person are illegal.

Beer is up to 50 per cent cheaper in Northern Ireland than the south.

The bad news is that the EC has not said how much beer the southerners can now bring in.

The Irish government says they cannot simply import it by the trolleyload. They must first prove that it is "for personal use only" (a stipulation once applied to the importation of condoms).

Also there is the possibility that the EC judgment will be overruled by the Irish Republic's own 48-hour regulations, requiring anyone bringing in goods from the North to prove they have been out of the south for at least two days.

Then again, the good news is that earlier this year the European Court declared that the republic's 48-hour rule was illegal... the bad news being that the Irish government has so far refused to implement the EC ruling.

It is all very confusing to travellers crossing from Northern Ireland to the south. But smugglers are unlikely to take much notice of all the rules and regulations. For years they have made a substantial living out of ferrying goods across the 270 mile long border.

"I'm wondering whether or not to pay my poll tax."

Cold comfort

■ British Rail has pulled an unseasonable plug on one of its more potent assets, the Great British Rail Breakfast. It goes down the plughole along with BR's entire dining service for the whole Christmas period from Friday, December 21.

Full service will not be resumed until Wednesday, January 2, when "leisure travellers" joining loved ones for the holiday have been replaced by the "business community". Only the latter, the rail bureaucracy thinks, are entitled to the option of a hot meal in the middle of winter.

"When train catering was offered during holidays in the past, we found it was not required," BR said. "We feel it is right to provide what is wanted by the *majority*."

That seems an odd word to use. Even when the business community is on the move, breakfast is eaten by only 72 of the 400 passengers on a typical Inter City train.

Goal warning

■ Beware the Curse of Gazza seems to be the message of the resignations of two directors of Newcastle United Football Club: chairman Gordon McKeag and John Hall, a property developer.

The departures follow the collapse of a proposed £8m share issue by the club which is £5m in debt. The issue was personally promoted by Paul Gascoigne who marked the launch last month by announcing that he would be buying shares.

Five days earlier the England footballer had popped round to Downing St for tea with Margaret Thatcher. Everyone knows what happened to her.

In April Bobby Robson finally yielded to pressure and played Gascoigne in an international match. Less than a month later the England manager announced his impending departure from the job.

Tottenham, the club that bought Gazza from Newcastle, is struggling with debts which have spiralled to an estimated £10m in the two years since they bought him. They are now considering selling this prize asset to a wealthy Italian club for about the same amount.

Who knows, maybe the recession will go with him.

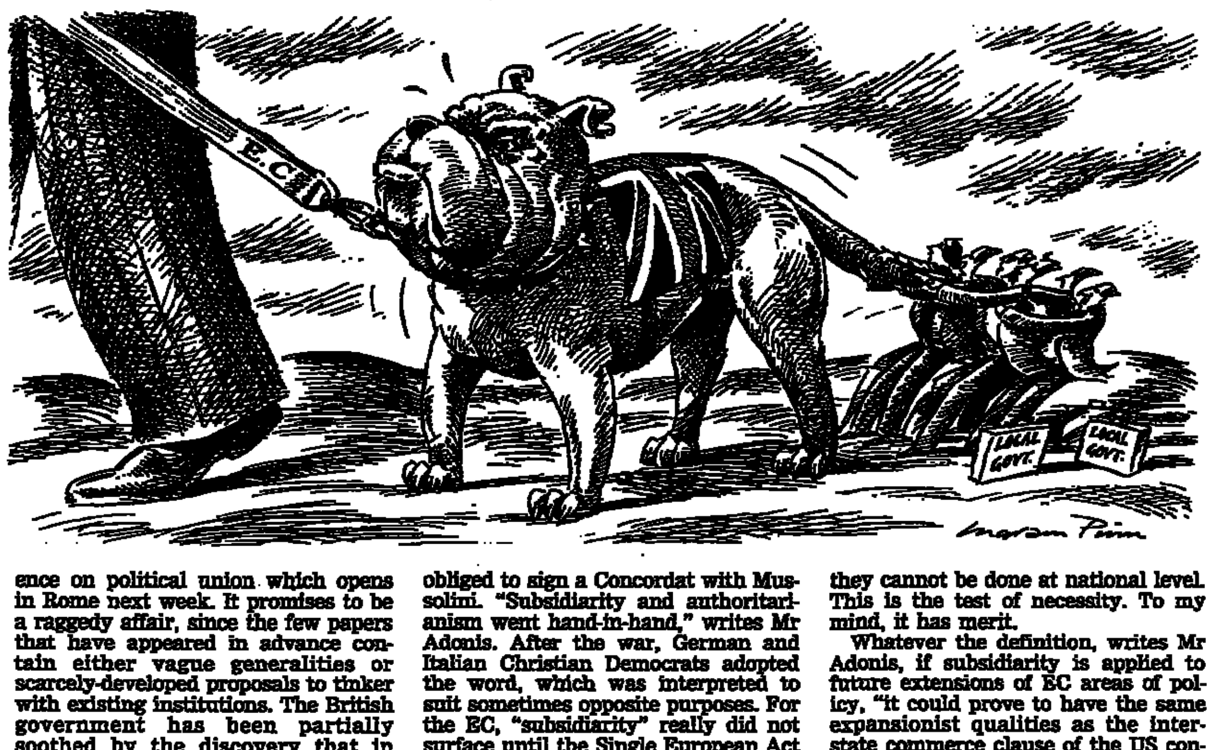
Grounded

■ Two caterpillars were chewing a leaf together as a butterfly passed overhead. One of them nudged the other, and said: "They'll never get *me* to go up in one of those things, you know."

POLITICS TODAY

Europe in thrall to a slogan, not a principle

By Joe Rogaly



Many of us dream – but, as you will shortly see, we may dream in vain – of a Europe based on the principle of subsidiarity. It is a snappy little slogan, sure to sweep the country. Well, perhaps it does need a little trimming, a few syllables shorn off here and there. Come to think of it, it would be greatly improved if it were scrapped altogether, to be replaced with, say, "parish power", or "we'll do it ourselves", or "render unto Delors that which is Delors'".

The dream survives its semantic infelicity. In the ideal new Europe of subsidiarities, individuals would do for themselves what they could. Higher authorities would be precluded from interfering. Communities would, however, have a role. At the lowest level – seeing to the oversight, perhaps, of street lighting and litter – would be the parish council. Local roads and planning might be the remit of a higher local authority.

We could dream on. The complete review of local government announced on Wednesday by Mr Michael Heseltine, the prodigal minister returned to the fold, could in another world result in a proper structure for a genuinely independent local democracy in Britain; it might even loosen our constitutional thinking enough to give the Scots their own assembly. Do not bank on it. The House of Commons will not relinquish its power to botch local government, while the Treasury will cling tenaciously to its apparent right to intervene unnecessarily and often with disastrous effect in whomsoever's financial affairs it can get its hands on. Scots will have no joy from the present government.

Whatever Britain does with its four nations the best fancy for a democratic new Europe is that, as in Germany, regions or Länder might drain authority from the nation-state. The latter would constitute a final barrier against the dreaded supranational power. Because of subsidiarity we would at each stage have independent governing bodies, but, because of careful definition of their powers, less government overall. This is why the notion seems to appeal to both sides, those who believe in more government and those who want less of it. As Mr Andrew Tyrie, of whom more in a moment, argues, subsidiarity is "the ultimate institutional elixir".

Under the heady influence of this elixir the tiers would rise, leaving the European Community's institutions with carefully circumscribed responsibilities, for trade and agriculture, the establishment of the single market as a giant level playing field, and curtailment of the emission of noxious substances into the common environment. In real life, away from dreams, you have to throw in cross-border transport, a common (though not necessarily single) foreign and security policy and, with Conservative teeth gritted, something called social Europe. The other 11 members of the EC will be fortunate if subsidiarity alone renders all on this menu palatable to the government's taste.

The entire beanfeast will be served up at the inter-governmental conference on political union which opens in Rome next week. It promises to be a raggedy affair, since the few papers that have appeared in advance contain either vague generalities or scarcely-developed proposals to tinker with existing institutions. The British government has been partially soothed by the discovery that in Eurospeak "union" does not mean union, but rather association or, at worst, club. This is not enough, however, to allay some British fears of the emergence of a powerful Brussels bureaucracy; hence the clinging to the principle of subsidiarity.

Here the dream ends. An interesting paper hot off the presses of the Institute of Economic Affairs* seeks to demonstrate that the very word "subsidiarity" is a trap. I will explain why in a moment, but first note that the authors, Andrew Adonis and the aforementioned Mr Tyrie, are both fellows of Nuffield College, while the latter was special adviser to Mr John Major when he was chancellor of the exchequer and served Mr Nigel Lawson before that. You can be sure, therefore, that as this paper floats around Whitehall people will pick it up and read it.

Mr Adonis argues that "subsidiarity" is a slogan, not a legal principle. It is derived from the encyclical *Quadragesimo Anno* issued by Pope Pius XI in 1931. The encyclical assumed subjection to the authority of the Church; it was issued by a Pope who felt obliged to sign a Concordat with Mussolini. "Subsidiarity and authoritarianism went hand-in-hand," writes Mr Adonis. After the war, German and Italian Christian Democrats adopted the word, which was interpreted to suit sometimes opposite purposes. For the EC, "subsidiarity" really did not surface until the Single European Act of 1986; after that it became a mantra.

The implication is clear. The provenance of the notion belies its connotation as a protector of the freedom of smaller units from the unwelcome attentions of larger ones. It all

The British have been soothed by the discovery that in Eurospeak 'union' does not mean union

depends, of course, on definitions – and that is the trouble. Mr Adonis selects eight recent ones, and divides them into three categories. The first two give powers to higher authorities on grounds that bureaucrats in Brussels will always find agreeable. They get the extra task if that means that objectives they have doubtless defined can be "attained better". They get it, too, if "common interest" – no doubt defined by themselves – is the test. The British prefer to call subsidiarity the principle that things should not be done at Community level unless they cannot be done at national level. This is the test of necessity. To my mind, it has merit.

Whatever the definition, writes Mr Adonis, if subsidiarity is applied to future extensions of EC areas of policy, "it could prove to have the same expansionist qualities as the inter-state commerce clause of the US constitution". (For a full exposition of a free-marketeer's recipe for avoiding that, get Europe's Constitutional Future, another IEA publication**, and read Professor James M Buchanan on how he and Hayek would build in safeguards.)

There are many consequential arguments, but I am sure that by now you get the picture. It is rammed home by a description of the European Court of Justice in Mr Tyrie's section of the paper as an institution with a *communautaire* track record. Mr Adonis proposes various reforms to the political structure of the community that he argues would be better protection than the insertion of the word "subsidiarity" here and there. Mr Tyrie is less sanguine.

"The European institutions themselves see subsidiarity as a vehicle, not only for furthering political union but also enhancing their powers," he writes. There is no room for doubt on what he regards as the political background to this. For example, he argues that "the market approach to tax approximation may be winning the day but a market approach to labour market regulation has certainly not yet won the day." Bang goes the Social Charter.

Now Mr Tyrie is not what is nowadays called a "European minimalist", but he does see us as trapped by mistakes made in the mid-1950s and the early 1970s (and, I would add, the mid-1980s). In each period, Britain stood aloof for too long, or made mistakes and eventually had to take what was designed on the continent. In consequence, it has a pretty low hand to play today. Since Mr Tyrie believes that "subsidiarity could well become a federalist Trojan horse," he wishes to warn the government that he so recently advised that its plan to insist on the concept's inclusion in any revision of the Treaty of Rome should be abandoned. He suggests more minor, and therefore to the uninitiated eye more attainable, reforms than does Mr Adonis.

The basis for this low-key approach is that in Mr Tyrie's view it constitutes practical politics. Radical reforms of community institutions, he suggests, are unlikely to make headway; if they did they would be used as an opportunity to increase, not restrict, the powers of the Community's institutions, especially those of the European Parliament.

A committee of national parliamentarians could act as a European senate, set above the directly-elected parliament, or it could merely adjudicate disputes about subsidiarity. Mr Tyrie tentatively favours such an assembly of delegates from member Parliaments, as, with rather more conviction, do Sir Leon Brittan, Mr Michael Heseltine and, I suspect, the Labour party's Mr John Smith. (The latter has in the past week been seen to be a skilful negotiator of the opposition's new-found slightly-more-European-than-thou policies on the European monetary union and the far-off notion of a single currency.)

I have rehearsed these counter-arguments to subsidiarity because I have not previously run across them in so trenchant a form, and they ought to be heard before the inter-governmental debate gets under way. The foreign secretary, Mr Douglas Hurd, showed in the Commons yesterday that he is alive to the dangers and will work hard on the definitions and the overseeing court – the one that would adjudicate on subsidiarity.

My own standpoint is different. We are often told that in the German mind the word "federal" is not pejorative, and certainly not a code word for bureaucratic centralisation, but rather means the decentralisation of power. A true federation, which retains maximum powers for the lowest elected bodies seems more likely to be democratic than a centrally-dominated state such as Britain. But I sympathise with the IEA authors over policy: imposition of French and/or German political nostrums in under the guise of promoting inter-state commerce would not be acceptable. Let us have a Labour government, but let us, in the spirit of subsidiarity, be free to choose it for ourselves.

**Subsidiarity – as history and policy. IEA, 2 Lord North Street, SW1*

***Above address, £8.95*

Basic Incomes

How to mend the social safety net

By Andrew Dilnot

The UK social security system still needs reform; radical suggestions for it are made by Samuel Brittan and Steven Webb in Beyond the Welfare State*.

Brittan and Webb assess a system based on Basic Incomes (BI). A BI scheme pays a benefit to all individuals regardless of income or willingness to work, and is funded (ideally) by a single tax rate. Most other benefits, and tax allowances, would be abolished.

Three main arguments for BI are identified. First, the current system fails to act as a safety net. More than 1.5m families had incomes below the Supplementary Benefit level in 1985 because of non take-up of benefit, circumstances not covered by the rules, or disqualification. Some of these gaps may be defensible, but most are not, and should be plugged.

Second, the current system damages incentives. But a BI would create incentive problems of its own by abolishing tax allowances and raising the tax rate.

The third argument is that it is right that benefits be paid regardless of status or needs. Whether the state should support the voluntarily unemployed is a question for politicians.

A "pure" BI at a generous enough level to abandon other benefits needs an income tax rate of 70-85 per cent, and is therefore impossible now. But many look to a rosy future when such a scheme will be possible. Brittan tackles this problem, saying that the only hope is to accept "a distinct and growing gap between national income per head and the target minimum"; that is, those relying on BI would fall behind the rest, enabling the scheme to be funded.

All this seems too optimistic. Beveridge expressed similar hopes in 1942, but post-war governments have not been happy to see lone parents or the old, the sick and the disabled fall behind. Universal benefits were too expensive to raise; our incoherent means-tested benefits were born to help the poorest groups. The same would happen again.

Webb presents a quantitative analysis of an alternative cost-cutting route, abandoning individual-based BI for a family-unit BI, avoiding the expense of paying non-working members of reasonably well-off families. Another scheme abolishes all but a small residual tax allowance and imposes a single income tax rate of 40 per cent while paying the current Income Support level to all families. Such a scheme, by automatically paying benefits to all, could deal with the holes in the safety net.

But means-tested housing benefit is retained, and the numbers facing marginal tax and benefit withdrawal rates over 50 per cent rise because of the virtual abolition of tax allowances. The cost could be cut by imposing a higher withdrawal rate on low incomes, as is the case now.

The most useful contribution to the debate comes in the final chapter, which argues for an unpacking of the BI idea into its constituent parts. Most of the components outlined are supported by most people interested in the reform of social security: speed and automaticity of payment, closer integration of tax and benefit administration, symmetry of treatment for net recipients and net contributors, adequacy of benefit level.

The others – payment of benefit without work test (or any other test) and a single withdrawal rate – are the distinguishing features of BI, and far more controversial. Brittan and Webb are happy to abandon a single tax rate to allow increased generosity to the poor, a trade-off I heartily endorse.

No solutions are offered, but many difficult questions are tackled, and some clever ideas outlined. Those interested in social security would do well to read their pamphlet and ponder on the distinguishing elements of BI, while uniting behind a call to plug the gaps and improve the administration of our present system.

**Beyond the Welfare State: An examination of the role of basic incomes in a market economy. Samuel Brittan and Steven Well (David Hume Institute Paper No. 17). Aberdeen University Press, £6.95.*

Andrew Dilnot is deputy director of the Institute for Fiscal Studies.

LETTERS

Drop the poll tax: a revised rating system could be the substitute…

From Mr Stephen F. Timmins.

Sir, As you write ("Picking up the pieces", November 24), and as predicted by many, the "poll tax has knocked the stuffing out of support for the Conservatives". I wonder "what or who misled the rightly respected Margaret Thatcher?"

According to the moral philosopher Adam Smith, taxation should bear as lightly as possible on industry, bear equally on all, be easy to assess and collect, be paid by the person on whom it is levied, and be certain in amount. Perhaps someone thought that the poll tax bears equally on all.

Candidates in the recent leadership election all expressed a willingness to review the poll tax to see what improvements could be made "while maintaining the principle". I beg to ask: what principle?

Citizens have paid or are paying dearly for their land, and the cost of the fruitful activities of the community at large – including the cost of local government – is reflected and included in the price paid. The poll tax requires citizens to pay again.

The tax must be dropped in favour of a rating system with payments levied on the occupier as previously, but revised so that valuation is on land only as distinct from buildings and improvements. The price of land would be reduced by operation of the market and the Universal Law of Rent and Wages as formulated some 25 years ago by the School of Economic Science. A system of land registry could be set up, open to public scrutiny and with an appropriate system of appeal by which to challenge valuations. The present Land Registry just will not do.

Stephen F. Timmins
38 Dry Hill, Crockerton, Warminster, Wilts

…But not based on selling price

From Mr Henry Law,

Sir, Is it too much hope that politicians will grasp the full import of your leading article ("Fudging the poll tax", November 30), in which you propose "a property tax that reflects imputed rental income or capital value of the site of domestic dwellings"?

This is, of course, a very different thing from the former rating system, which, taking into account buildings and improvements, was inded a "roof tax".

To appreciate the advantage of your proposal, it is necessary only to look at the 50-odd houses in my street. Although they were all built at the same time and are superficially identical, they are all very different, and if the new tax were to be based on selling prices, each house would have to be inspected to determine its market value. Yet they all stand on identical plots, and enjoy the same services.

The system you propose would avoid the complexities and the administrative costs entailed in assessing buildings and improvements, while maintaining the clearest possible relationship between payments and benefits received.

Henry Law
19 Queen's Gardens
Brighton BN1 4AR

From Mr Robert Holland.

Sir, When the new Tory leader carries out his "review" of the poll tax, what are the chances that he will start with an accurate version of the facts?

Douglas Hurd stated in a TV interview on Sunday November 25 that central government pays for three quarters of local authority spending. In Coventry this year, the poll tax payer is paying for 37 per cent not 25 per cent of services received and Coventry was not "capped".

Robert Holland,
Labour councillor, 8 Mount Street, Coventry

From Dr D.J. Strawbridge

Sir, You featured "The Towers", East Finchley, as the most expensive house on the London market ("Mere millionaires need not apply", November 10). It must provide an outstanding example of the fairness of the community charge.

D.J. Strawbridge,
222 North Allington, Bridport, Dorset DT6 5EF

Why the £9m electricity payout?

From S.E. Scammell.

Sir, That the electricity issue would be over-subscribed was a certainty once a safeguard had been written into it to cover any market collapse owing to war in the Gulf.

Why then did the government pay out £9m to unneeded underwriters?

S.E. Scammell
Clouds Estate,
East Knoyle, Salisbury,
Wilts

Good response to start-up funds

From Mr Michael Russell.

Sir, I would like to respond to your article "EC to relaunch business start-up funds" (November 22). Far from being disappointing, the response was extremely encouraging: 24 funds were selected to be full members of the network from more than 80 applicants, and a further seven were included on a different basis.

We are still receiving applications to join and are considering a form of associate membership of the scheme by which funds, though not benefiting from the financial incentives offered by the Commission, would have access to its general networking facilities.

It is also untrue that "problems are particularly acute" in the British and Irish funds. There are about half a dozen members in several countries which have not completed their funding arrangements, and this for a variety of reasons not all connected with the funding itself.

The "relaunch" is intended to draw attention to the appointment of the European Venture Capital Association to co-ordinate the network and to emphasise the continuing commitment of the European Commission. If it also helps to persuade institutions and others to invest in some of the funds in the scheme, we shall be well pleased.

Michael N. Russell,
co-ordinator, European Seed Capital Fund Network, Brussels

Exaggerated and misleading figures do not help discussion

From Mr Jeffery Bowman.

Sir, I have been asked by the Canadian firm of Price Waterhouse to correct a misleading impression given by your report ("Million-dollar lawsuits plague US firms", Nov 29).

The article states that "Price Waterhouse…settled two large lawsuits in Canada recently… The first suit claimed $100m in damages while the second was for a $40m mistake." The clear inference is that Price Waterhouse has paid out significant sums in damages in Canada in respect of these matters.

In fact, PW Canada has not paid out any such sums. In the article, reference was made to a lawsuit relating to Calgroup: while the company and certain parties threatened to sue PW Canada for $100m, they did not proceed. A separate lawsuit in respect of other shareholders of Calgroup was launched in the US but was settled on a basis that did not involve the payment of substantial amounts.

The article also referred to lawsuits relating to National Business Systems. There are several lawsuits outstanding in which a number of parties, including PW Canada, are named as defendants. However, in the only one of these which has been dealt with judicially, the claim against PW was dismissed, and there has been no final disposition to date of the other NBS actions.

In the same article there is a reference to the US firm of Price Waterhouse facing a US$2.4bn lawsuit. This case has been in progress since 1988 and is due to come to trial in 1991: I cannot therefore comment on it in detail. However, public discussion of the issue of litigation against auditors is not helped by exaggerated and misleading figures inflated by preposterous claims of fraud.

Jeffery Bowman,
senior partner,
Price Waterhouse, Southwark Towers, 32 London Bridge Street, SE1

FINANCIAL TIMES
Friday December 7 1990

Failed S&Ls could cost UK $5bn

By Richard Lapper in London

THE LONDON insurance market could face losses of up to $5bn as a result of claims linked to the Savings and Loans crisis in the US, a leading firm of UK solicitors claimed yesterday.

In the US, regulators at the Federal Deposit Insurance Corporation are preparing More than 100,000 civil recovery actions against directors, banks and advisers of the S&Ls – which provide finance for domestic housing – in a bid to recoup $300bn lost by the institutions through alleged fraud, embezzlement and negligence.

Claims could be made on so-called D&O insurance policies, which indemnify directors and officers against liability in respect of acts such as negligence, breach of trust or wrongful advice.

Claims could also be made on professional indemnity policies taken out by accountants, attorneys and real estate agents, among others.

Some of these policies were either directly underwritten or reinsured in the London market.

About a third of 3,000 S&Ls have entered into difficulties or become insolvent over the past 10 years, after imprudent lending and rapid expansion in the aftermath of deregulation. Because the deposits in S&L accounts are federally insured up to $100,000 per account, the US government has had to assume primary responsibility for the losses.

In a report on the issue, Davies Arnold Cooper, which specialises in insurance and represents a number of leading figures in the Lloyd's insurance market, claim that if only 10 per cent of the projected losses are recoverable from insurers, the London market could expect claims of between $3bn and $5bn.

London market insurers reacted sceptically to the firm's claims. One leading underwriter of US liability risks said that only a modest pecentage of US D&O business was now placed in London.

However, one broker who has specialised in placing the liability insurances of financial institutions, said "claims could technically get to the $3bn-5bn mark". However, there were "a lot of coulds in there".

Mr David McIntosh, a senior partner in Davies Arnold Cooper, insisted that "the S&L debacle has all the hallmarks of an action replay of the asbestosis and pollution crisis which have severely disturbed the world's insurance markets".

Losses of this scale could even exceed those resulting from asbestos-related claims of the early 1080s, which have so far totalled about $3bn-$4bn. US court awards to asbestosis victims led asbestos producers and many other companies to claim on their liability insurance policies, many of which were either placed directly or reinsured in London.

Chairman offers to negotiate sale of Nissan UK

By Kevin Done, Motor Industry Correspondent, in London

MR OCTAV BOTNAR, chairman and managing director of Nissan UK, the privately owned company which is the exclusive distributor of Nissan vehicles in the UK, has offered to negotiate the sale of the company to Nissan Motor of Japan.

The surprise move by Nissan's most important European distributor, follows protracted disagreements this year between the two companies over the Japanese car maker's pricing policy for the UK market.

The conflict developed into a public row during the autumn launch of the Nissan Primera, the Japanese group's large family car which has replaced its Bluebird range, and which is produced at its assembly plant at Sunderland in north-east England – the first Japanese car plant in Europe.

In October Nissan UK openly accused the Japanese car maker of acting "unfairly" against the British consumer. The company, which is controlled by Mr Octav Botnar, claimed that the British consumer was "effectively having to subsidise" the price of UK-built Nissan cars sold more cheaply in West Germany, the Netherlands and Belgium, "where the distributors are owned by Nissan Motor Company itself".

Nissan UK has fought an intensive campaign against the Japanese carmaker all year in order to try to reduce the wholesale price at which it has to buy the Nissan Primera.

According to NUK, the present arrangement is making it virtually impossible for it to penetrate the all-important UK fleet market for company cars, where the bulk of the competing models such as the Vauxhall Cavalier, Ford Sierra and Peugeot 405 are sold.

Mr Botnar said that he had written in recent days to both Mr Yutaka Kume, president of Nissan and to Mr Takashi Ishihara, Nissan chairman, to seek top-level talks in order to discuss and agree principles for Nissan's takeover of NUK.

Mr Botnar said that he was prepared to dispose immediately of a minority stake in NUK and to agree to a complete takeover phased over several years.

Such a deal could be similar to the agreement reached at the beginning of the year between Inchcape and Toyota for the gradual acquisition by the Japanese carmaker of a majority stake in Toyota (GB), the Inchcape subsidiary, which is Toyota's UK importer/distributor.

Mr Yoshikazu Kawana, president of Nissan Europe, said that Nissan would consider Mr Botnar's latest offer "very seriously". He said the two sides had negotiated previously, however, and "we really are very doubtful that they will have businesslike negotiations. We do have some doubts whether these kind of negotiations can be successful because of the past experience of our dealings."

The relationship between Mr Botnar and Nissan has a chequered history, and earlier agreements in principle for the takeover of NUK have foundered.

When Nissan Motor began its feasibility studies a decade ago for establishing an assembly plant in the UK, it was agreed that it would eventually take over the importer/distributorship.

The gradual takeover was supposed to have begun when Nissan started production at the Sunderland plant in 1986. A memorandum of understanding was signed in November 1985 between Mr Botnar and Nissan Motor and Mitsui, the Japanese trading house for the sale of 26 per cent by the end of July 1986 and 100 per cent by the end of July 1988, but the deal came to nothing.

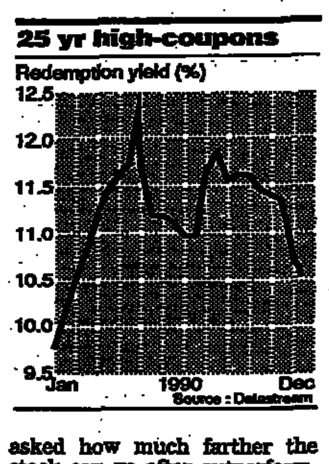
The success of the Nissan franchise in the UK has been instrumental in making Nissan the leading Japanese car marque in Europe, but its sales have begun to flounder this year. Nissan's new car registrations in the UK have fallen by 22.3 per cent in the first 11 months, depressing its market share to 5.4 per cent from 6.1 per cent a year ago.

THE LEX COLUMN

The view beyond the Gulf

The market reaction to President Saddam Hussein's latest initiative must be a combination of irritation and admiration of his skill at haggling. The release of the hostages is part of a process of apparent détente which this week has taken $6 off the oil price and added 100 points to the Dow. But it does little to affect the likelihood of war, since it has no bearing on the occupation of Kuwait. The jump in world equity markets on yesterday's news proved correspondingly short-lived. The week's gains could still be reversed by a chance remark from either side.

All this serves to mask a more fundamental bullish tendency over the past month – the strength of bond markets around the world. This is particularly surprising in the US, where inflation is still rising sharply. It has to be assumed that the markets are looking through the recession to a period of falling inflation further out. The forces holding equity markets down remain formidable: the Gulf, the worries about the US and Japanese banking systems and, most recently, the fear of a 1930s-style plunge into protectionism should the GATT talks finally collapse. But the underlying tendency is upward, all the same.



GrandMet

Perhaps the most striking figure in Grand Metropolitan's full-year results is not in the profit and loss account at all. Operating cash flow in the year was £1bn, after an £800m bill for brand promotion. This puts GrandMet's net debt of £2.9bn in a slightly different light, especially since the figure will be reduced by some £600m on completion of the Courage deal early next year.

But then, GrandMet's defensive strengths were never in doubt. Recession and dollar weakness notwithstanding, earnings this year should still be slightly ahead of last. The question, as always, is one of strategy. Since October 1989 the company has bought UB Restaurants, sold William Hill and Berni Inns and undertaken the radical Courage deal. Only GrandMet could describe this as a period of consolidation.

While this relative calm may last a while yet, there remains the feeling of a company in transition. In particular, the food business is not yet big enough for a world inhabited by Unilever and Philip Morris. More immediately, it might be asked how much farther the stock can go after outperforming the market by 20 per cent in the past year. But perhaps there is a more positive way of looking at it; the price relative to the market is still 15 per cent below its all-time high in 1972.

GUS

Since the end of June, GUS 'A' shares have outperformed the market by 30 per cent. Long-term holders have little cause to rejoice after years of lagging the market; but at least the group's defensive merits have been better recognised since the Gulf crisis.

Yesterday's interim results were slightly better than expected. The 8.5 per cent half-year dividend increase was justifiable given a cash pile of over £450m. Much of the 6.5 per cent rise in pre-tax profits came from better margins in home shopping. At best, however, sales were flat and will probably fall in the second half, so margins will stay under pressure. For the full year, prospective profits of £435m and earnings of 113p per share suggest a p/e of around 10 and a yield of 4.5 per cent. That looks fair value, or even slightly cheap on the basis of relative growth in earnings.

Hanson

Only a rash observer would say Hanson has no chance of keeping its earnings per share growing in 1991. But the signs are not auspicious. At least half a dozen of its businesses, headed by aggregates and titanium dioxide, are up against unusually trying operating conditions already. The one indisputably recession-proof business is Imperial Tobacco. But that is also one of the biggest capital spenders, as it rationalises its cigarette production. So while pre-tax profits could well exceed £1.3bn this year, it would not do to assume an advance in earnings per share or anything like the 22 per cent dividend increase in 1990.

But the key to Hanson, as ever, is its cash flow and the scope it leaves for deal-making. The headline figure of £6.9bn cash is a shade misleading: net of borrowings, the pile dwindles to a comfortable but less grandiose £564m. At the operating level, cash flow may still look good. There is still scope for Hansonisation at Peabody Coal, where 265 head office staff have gone so far. Capital expenditure group-wide should not be much more than 1990's £250m. But the tax charge has been inching up towards 25 per cent. Tax and dividends combined will suck out at least £813m this year.

It may therefore be a trifle early for commentators to start forecasting a huge Hanson bid in the near future. An added obstacle is that Hanson's ability to break up businesses it acquires depends on the willingness of the banks to lend to those buying the bits.

Pilkington

A year ago, analysts were talking of Pilkington making pre-tax profits of £375m and earning 30p per share this year. After yesterday's 30 per cent fall in interim pre-tax profits, it will be lucky to make £200m or 15p per share. Next year could be even worse. The dividend has been held, gearing has edged over 50 per cent and the only thing stopping the shares falling further is a near 9 per cent yield.

Pilkington is not yet in the same league as Standard Chartered or Trafalgar House, but it is slowly developing into a great British company which seems to be losing its way. With 60,000 employees, it is one of only a handful which can fairly claim to be a world leader in a major industry. Of course, it was never going to buck a global recession. But it has exhausted the stock of goodwill which enabled it to see off BTR four years ago. Its earnings have stagnated, it has no scope to raise its dividend and any substantial profit recovery is at least two years off.

If Pilkington is to have an independent future, it needs to prove fairly soon that it can get to grips with its cost base and sort out its troublesome Visioncare acquisition. The City is getting tired of excuses.

Industrialists want tough action from Gorbachev

By Leyla Boulton, in Moscow

DIRECTORS of 3,000 state enterprises are today set to demand that President Mikhail Gorbachev take tough action to tackle economic chaos in the Soviet Union.

"We want order in the country. We need to stop creating committees and start work. Let the president carry out his job and we will carry out ours," said Mr Viktor Komarov, director of a tube factory, as he left a closed two-day conference which began yesterday.

The industry chiefs, assembling in the Kremlin, convened the meeting with the aim of reading the riot act to the country's politicians. The industrialists are frustrated with perestroika's failure to deliver tangible economic benefits, and want order, discipline and steady supplies. The directors are expected to list their demands in a formal appeal to be issued today.

They are apparently not too choosy about how the Soviet leaders, already under pressure from a disgruntled parliament, go about imposing order.

Mr Gorbachev has outlined constitutional amendments which will strengthen his own power, while giving some more responsibility to the republics, but this is not good enough for the people who control most of the country's industries.

Mr Alexei Vasiliev, director of the October plant in Leningrad, said that Moscow should stop issuing new laws and decrees which nobody heeded and concentrate on carrying out earlier decisions. He and another colleague, Mr Benjamin Kuznetsov, director of a chemical factory in southern Russia, agreed this required slowing down the pace of economic reform, and strengthening executive government.

One elderly provincial director said demands also included a freeze on all sovereignty declarations

He said that Mr Boris Yeltsin, the popular Russian president who has pushed for these rights, had come under fierce attack at the conference.

"We have four conductors at the moment – Gorbachev, Yeltsin, our regional council and our city authorities," said the delegate, who declined to would not be named.

"They are all playing a different tune, but we want one tune: a presidential one."

The conference is also proposing an economic agreement which would bind republics to preserving existing ties: a euphemism for traditional state orders and supply contracts. But it is difficult to see how the agreements would be implemented, except under a revamped authoritarian system.

Mr Nikolai Ryzhkov, the prime minister, and also a former manager of the mighty Uralmash combine, said that only half contracts needed for next year had been signed so far. He also sought to reassure the directors by saying his government agreed that "old structure should not be demolished until new ones are in place."

Mr Ryzkhov, attacked by critics as being incapable of introducing a market economy, appeared to find a last bastion of support among many of his former colleagues.

Poland hears popular appeal of a presidential pretender

By Christopher Bobinski recently in Jastrzebie

AN UNEXPECTED finale to Poland's presidential election is showing that the Poles' much-praised stoicism in the face of this year's hardships is coming to an end.

On Sunday, Mr Stanislaw Tyminski, a Polish-Canadian businessman unknown until a month or so ago, will challenge Mr Lech Walesa for the presidency, the country's most powerful post.

Mr Tyminski will probably lose, since Mr Walesa should have the united Solidarity trade union vote behind him. Moreover, the influential Roman Catholic church has made it clear that it wants a Walesa victory.

But in the space of just a few weeks Mr Tyminski has accumulated an impressive coalition opposed both to present government policy and to Solidarity's political hegemony. The Tyminski campaign unites many of those dislodged from power since the summer of 1989, when Solidarity took over from the Communists. More important, he has drawn many ordinary people who are beginning to despair that their lot will ever improve.

Their frustration has exploded in the past few days at Mr Tyminski's rallies in coal-mining towns, where workers have not only seen themselves fall from the top of the country's pay league but now fear for their jobs.

Mr Walesa had hoped to harness such discontent in his campaign by criticising the government of Mr Tadeusz Mazowiecki, his erstwhile ally, and then defusing such criticism, for a time at least, to give the expected benefits of Poland's reforms a chance to trickle down. But he miscalculated and opened the way to Mr Tyminski's populist drive.

Mr Tyminski has been reaching the people who have begun to slide down the social scale. They have grasped his message that they can emulate his rags-to-riches success story in North America and Peru if they vote for him.

Low taxes, a massive devaluation of the Polish zloty to spark an "export offensive" against the west, a foreign policy based on trade and warnings that Poland is the object of foreign economic aggression – such is the populist and popular daily fare served up by Mr Tyminski.

At Jastrzebie, a new, dreary mining town on the southern frontier, with over 100,000 population, just under half of whom voted for him on November 25, he told a crowd of 4,000 on Tuesday: "Long live a Poland independent of foreign capital."

"Foreign influence has ended in Poland because they have understood that Stanislaw Tyminski represents the will of millions, they don't fear me, they fear you," he shouted into a microphone above the din, his Peruvian-born wife Graciela beside him.

Away in the body of the hall, a group of heavily outnumbered Solidarity loyalists chanted "Back to Peru, back to Peru," and "KGB," an allusion to suspicions that Mr Tyminski has had connections with the former Communist security apparatus.

The scene exceeded Walter Mitty's wildest dreams for the slight 42-year-old emigrant from a middle-class Toronto suburb.

Joining in the ecstatic applause were a handful of Jastrzebie's former local security policeman, all purged by Solidarity earlier this year.

A few yards away, a woman explained why she was going to vote for Mr Tyminski: "I've seen what the Communists did to the country, I've seen what Walesa has done. Let's give Tyminski a chance." She admitted, though, that she knew nothing about him.

Bond charged under securities code after bank investigation

By Kevin Brown in Sydney

MR ALAN BOND, one of Australia's best-known businessmen, was charged under the Western Australian Securities Code yesterday after an investigation into the collapse of a merchant bank.

The charge against the majority shareholder and former chairman of Bond Corporation Holdings, producer of Swan and Castlemaine XXXX lager, was brought at police headquarters in Perth by lawyers acting for a special government task force. Its investigators have been examining the collapse of Rothwells, a merchant bank run by Mr Laurie Connell, a friend and business associate of Mr Bond.

Mr Bond was released on bail of A$100,000 ($77,519.30) with a surety of the same amount, to appear in Perth's central law courts today. He said in a statement: "I am absolutely innocent of any wrongdoing, and the charge will be strenuously defended."

Mr Bond is the most prominent of a number of businessmen, mostly based in Perth, to be charged by the task force.

Alan Bond: denies charges

Others include Mr Connell himself; Mr Geoff Lord, a director of Fosters Brewing; Mr Peter Falk, a Sydney stockbroker; and Mr Dallas Dempster, a Perth casino developer. All have denied the charges.

Rothwells, which went into liquidation last year, was the subject of a parliamentary report published in August by Mr Malcolm McCusker QC, which blamed the collapse on Mr Connell.

The McCusker report said Mr Connell falsified Rothwells' annual accounts to hide debts which had grown to at least A$350m by 1988. Rothwells announced record profits in 1987, a month before it was temporarily rescued by a consortium including Mr Bond and the state government.

The charge against Mr Bond alleges that he dishonestly concealed an arrangement between Rothwells and Bond Corporation Holdings from another member of the rescue team, Mr Brian Coppin.

The rescue arrangement provided for Bond Corporation Holdings to contribute A$17m to the Rothwells rescue. But it is alleged that Mr Bond did not tell Mr Coppin he was to receive a A$16m fee for helping to authorise the rescue.

The charge alleges that by concealing the arrangement Mr Bond induced Mr Coppin to contribute to the arrangement through an underwriting agreement with Wardley Australia Securities.

Saddam orders freedom for hostages

Continued from Page 1

stop on a Latin American tour, Mr Bush said the Iraqi announcement showed that his strategy was working and the international coalition had to maintain the pressure.

"I don't want people to think there are secret negotiations or that I, on behalf of this worldwide coalition, will even consider making a concession or incentive.

"We are not going to get diverted from the full implementation of the UN resolutions to give him some face-saving way out of something he shouldn't have got into in the first place," he said.

Both Mr Bush and Mr James Baker, the US secretary of state, stressed that the release of all hostages would not mark the start of a period of bargaining either about Iraqi withdrawal from Kuwait or about other issues such as the Arab/Israeli dispute.

"We've got to continue tokeep the pressure on. It [the hostage freedom report] would be welcome if true, but it will not change my thinking on his [Saddam's] need to comply 100 per cent, without condition, to the UN resolutions," Mr Bush told a news conference. His remarks were echoed by Mr John Major, the British prime minister.

In Rome, Mr Gianni de Michelis, the Italian foreign minister and current chairman of the European Community council of ministers, said: "I hope this is the first step towards complete compliance with UN resolutions."

Mr Bush said there was no linkage between the invasion of Kuwait and the Palestinian question.

Mr Yitzhak Shamir, the Israeli prime minister, in London for stopover talks with Mr Major, reiterated his government's fierce opposition to an international peace conference.

The US wants to maintain an uncompromising public line to convince the Iraqi leader that he faces military action unless he withdraws.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Berlin	S	1	34	Caracas	C	26	79	Faro	C	15	59	Islamabad	F	19	66
Algiers	F	15	59	Biarritz	C	3	37	Casablanca	C	17	63	Florence	S	7	45	Istanbul	S	13	55
Amsterdam	S	7	45	Bombay				Chicago	F	1	34	Frankfurt	S	2	36	Jakarta	R	31	88
Athens	F	18	64	Bordeaux	S	4	39	Cologne	S	2	36	Geneva	S	1	34	Jersey	S	7	45
Bahrain				Boulogne	C	6	43	Copenhagen	C	4	39	Gibraltar	R	15	59	Johannesburg			
Bangkok	F	29	84	Brussels	S	2	36	Corfu	R	13	55	Glasgow	C	8	46	Lima	F	23	73
Barcelona	S	11	52	Budapest	S	4	39	Dallas	[illegible]	[illegible]	[illegible]	Helsinki	F	0	32	Lisbon	C	12	54
Beirut	-	-	-	Buenos Aires	C	29	84	Dublin	C	8	46	Hong Kong				London	S	6	43
Belfast	C	6	43	Cairo				Dubrovnik	C	9	48	Innsbruck	F	-2	28	Los Angeles	S	12	54
Belgrade	Sn	0	32	Cape Town				Edinburgh	C	8	46	Inverness	R	8	46	Luxembourg	S	1	34

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	20	68	Milan	S	6	43	Nicosia	F	21	70	Salzburg	Sn	-1	30	Tenerife	F	23	73
Madrid	S	5	41	Montreal	C	-4	25	Oporto	S	14	57	San Francisco	S	6	43	Tokyo	S	15	59
Majorca	S	14	57	Moscow	C	1	34	Oslo	F	-1	30	Seoul	C	12	54	Toronto	C	2	36
Malaga	C	15	59	Munich	S	-1	30	Paris	S	3	37	Singapore	R	24	75	Tunis	F	13	55
Malta	C	13	55	Nairobi				Peking	S	10	50	Stockholm	C	2	36	Valencia	C	12	54
Manchester	C	3	37	Naples	F	9	48	Prague	S	0	32	Strasbourg	S	1	34	Venice	S	8	46
Manila	C	30	86	Nassau	C	27	81	Reykjavik	S	-4	25	Sydney	S	28	82	Vienna	F	1	34
Melbourne				New Delhi	S	18	64	Rhodes	S	18	64	Taipei	F	24	75	Warsaw	C	1	34
Mexico City	C	20	68	New York	F	1	34	Rio de Janeiro	F	36	97	Tangier	C	16	61	Washington	S	-1	30
Miami	C	20	68	Nice	S	12	54	Rome	S	9	48	Tel Aviv	S	22	72	Zurich	F	0	32

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

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FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Where AT&T bid does not compute

Wall Street is excited. But the euphoria over AT&T's $6bn bid to acquire NCR is not shared within the US computer industry. "There is no history of success of computer companies solving their problems through mergers," says Mr John Sculley head of Apple and one of many US computer company chief executives to express their misgivings. Page 22

GUS profits rise 6%

Trading is grim on the UK high street. But Great Universal Stores, the home shopping, retail, finance and property group, still managed to grind out a 6 per cent gain in interim pre-tax profits. Mr Richard Pugh, the deputy chairman, said: "I think that conditions are very tough and will probably be even tougher in the second half. I do not see any marked improvement this side of autumn next year." John Thornhill reports. Page 30

Pilkington 30% down at midway

Pre-tax profits at Pilkington, the UK glass maker, have fallen by 30 per cent for the six months to September 30 because of tougher economic conditions around the world and the strength of sterling. The fall was not as steep as some analysts had feared, and the company maintained its interim dividend. Andrew Rob, finance director, said the group would cut back on capital expenditure over the next 18 months, and continue to reduce employee numbers. Redundancies cost about £4.5m ($8.6bn) in the first half. Page 28

Honshu's walk on the wild side

Wild gyrations have been seen this week in the Tokyo-listed share price of Honshu Paper, a leading Japanese papermaker. The cause has been reports that Oei Hong Leong, president of United Industrial Corporation, a company listed in Singapore, is in a position to take a significant stake. If he goes ahead he could stir up as much controversy as Mr T. Boone Pickens, the Texan corporate raider, did last year when he bought into Koito Manufacturing. Page 24

Anglo United is ahead of schedule on debt repayment

Anglo United, the UK fuel distribution company, increased turnover from £166m ($319m) to £321m in the six months to September 30 and improved trading profits from £7.3m to £15.5m. Last year the group borrowed heavily to buy the much larger Coalite group for £478m, and yesterday Mr David McErlain (left), chairman, said debt repayments were ahead of schedule. Page 31

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bayer	228.5	+	10.8
Daimler-Benz	607	+	14
Siemens	625	+	12
Volkswagen	357.5	+	14.5
Falls			
Ind. Werke	311	−	9
Karstadt	634	−	15

NEW YORK ($)

Rises			
Gen. Motors	37 3/8	+	1/4
NCR	91 5/8	+	4 7/8
Philip Morris	50 3/8	+	5/8
Toys R US	23 7/8	+	5/8
Falls			
Citicorp	14 7/8	−	7/8
IBM	112 1/2	−	2 1/4

New York prices at 12.30.

PARIS (FFr)

Rises			
Air Liquide	665	+	16
GTM-Ent.	324	+	18
Printemps	602	+	27
UAP	576	+	23
Falls			
Coparex	580	−	40
Locafrance	460	−	20

TOKYO (Yen)

Rises			
IHI	631	+	21
MHI	658	+	19
Nippon Steel	399	+	14
Takeda	1710	+	120
Falls			
Japan Metals	635	−	40
Kumbo Inds.	885	−	100

LONDON (Pence)

Rises			
Bazaar	98	+	13
Body Shop Intl.	165	+	11
Brit. Airways	159	+	11
Burmah	504	+	19
Dobson Park	71 1/2	+	4 1/2
Grand Met	631	+	19
Greene King	388	+	13
Lucas Inds.	143	+	10
PML	18	+	2
Proteus Int.	101	+	18
Quotient	59	+	7
Reuters	649	+	33
Sec. Archives	149	+	10
Sema Grp.	476	+	26
Siebe	327	+	22
Tunstall	105	+	10
Wellcome	429	+	30
Falls			
Carlton Comms.	351	−	13
Enterprise Oil	614	−	20
Ferranti Int.	11	−	3 1/2
LASMO	395	−	18
Latham (James)	190	−	10
Wolseley	298	−	11

Ford and VW seal European joint venture

By Kevin Done, Motor Industry Correspondent

FORD of the US and Volkswagen of Germany are expected to give the go-ahead next week for an ambitious joint vehicle development programme in Europe, which will include building a new assembly plant, most probably in Portugal.

The project, expected to involve an investment of between $2.5bn and $3bn, will have a capacity of 150,000 to 200,000 vehicles a year.

The programme has been approved by the Volkswagen supervisory board and is expected to receive the backing of the Ford board next week.

The Ford/VW collaboration involves the development of a so-called multi-purpose vehicle or people carrier, a high roof 7-8 seat estate car.

The niche for such vehicles, pioneered in Europe by the Renault Espace, is expected to be one of the fastest growing segments of the European car market in the 1990s.

Output from the plant, likely to be a 50/50 joint venture, will be shared between the two groups and marketed separately under the Ford and VW badges.

The most likely location for the assembly plant is Setubal, near Lisbon.

The final choice, however, is dependent on Ford and VW receiving financial support from the Portuguese government and the approval of the European Commission, which has the power to investigate state aid to the auto industry.

VW and Ford are already allied following the merger in 1987 of their local operations in South America to form Autolatina, owned 51 per cent by VW and 49 per cent by Ford.

Multi-purpose vehicles are claiming a growing share of the US car and light truck market following the pioneering success of the Chrysler Voyager launched in 1983.

Chrysler is preparing to assemble the Voyager in Europe in a joint venture with Steyr-Daimler Puch in Austria.

The concept has also been developed by several Japanese vehicle makers, including Nissan, Toyota and Mitsubishi, which have entered the market in Europe with their Prairie, Previa and Space Wagon ranges.

Ford and VW's decision to co-operate in this sector is evidence of the growing pressures on even the world's biggest vehicle makers to collaborate.

As part of this process:

- Ford linked last year in Europe with Nissan of Japan for the joint development and production of a four wheel drive leisure/utility vehicle.
- Ford has also linked with Nissan in the US to develop a multi-purpose vehicle for North America.
- Honda of Japan and Rover of the UK have jointly developed two car ranges.
- Renault of France and DAF of the Netherlands are jointly developing a van range for launch in the mid-1990s.
- Peugeot of France and Fiat of Italy have a long-established joint venture, Sevel, to develop and produce vans, which are sold under the Peugeot, Citroen and Fiat badges.

Conferring: George Walker (left), head of Brent Walker, and Wilfred Aquilina whose compensation package could reach £400,000

Brent Walker's finance director steps down

By Maggie Urry in London

MR WILFRED AQUILINA has given up his post as financial director of Brent Walker, the UK leisure group which has just completed a refinancing package with its banks. He is expected to receive a compensation package of about £400,000 ($768,000). However, Brent Walker will continue to employ him as a consultant.

The company issued a terse statement yesterday saying that, with effect from December 5, Mr Aquilina "ceases to be financial director of Brent Walker." It also said he had resigned from the board and from the boards of its subsidiaries.

Mr Aquilina is understood to be one of two directors whose annual salaries are listed in the accounts as between £210,000 and £215,000. He was not available to comment yesterday. The group's shares fell 1p to 77p.

Brent Walker has already begun interviewing potential replacements for Mr Aquilina. The interviews of five or six candidates will be completed by the end of next week.

Also expected soon is the appointment of two new non-executive directors and possibly a new chairman. The group's banks are keen to see a strengthening of the board, but any appointments need to be acceptable to both the banks and to Mr Walker, who, with his family, holds 27.1 per cent of the group's shares on a fully-diluted basis.

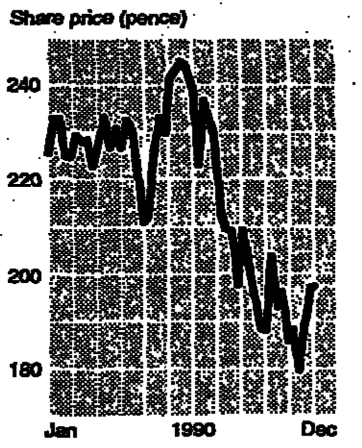
Mr Aquilina's departure had been urged on the company by its bankers who were concerned that its financial controls had not kept pace with the growth of the business.

One broker said yesterday that companies such as Brent Walker, which grow rapidly under the direction of an entrepreneurial head, often find it hard to make the change to having a board more suitable to a large public company. The replacement of Mr Aquilina was a step in this direction.

Brent Walker's troubles Page 32

Hanson

Share price (pence)



Source: Datastream

Hanson ready to pounce on recession-hit prey

By Andrew Hill in London

HANSON, the industrial conglomerate, reported record profits of £1.29bn ($3.2bn) before tax in the year to September 30, and is on the look out for further acquisition opportunities as recession weakens industrial companies in the US and UK.

The group's profits increased 21 per cent from £1.06bn in 1988-89, although earnings grew more slowly, after a tax charge of 24.4 per cent (23.6 per cent), rising 8 per cent to 19.9p (18.4p).

Hanson proposed a final dividend for its 250,000 shareholders of 7.4p (6p) per share, which would make 10.4p (8.5p), a rise of 22 per cent for the full year. The shares closed 3¼p higher in a buoyant market at 199¼p.

Lord Hanson, the chairman, said the conglomerate prepared its strategy for a deterioration in market conditions some time ago, although the group had only noticed the general effects of the downturn in recent months.

The company would not go into detail about its plans for further purchases, except to say that any acquisitions would be made in the UK or US. At the year-end the company had cash balances of £6.9bn available for its continuing acquisition strategy – about £560m net of debt – and "substantial borrowing capacity".

Hanson said it had benefited from disposals from the Consolidated Gold Fields acquisition last year, which hadnow generated £1.13bn.

The group's UK building products division suffered from the fall in demand for construction materials, and trading margins declined from 25 per cent to 15.5 per cent. The division made £146m (£109m) on sales of £942m (£433m).

Mr Martin Taylor, Hanson's vice chairman and principal spokesman, said he thought the group's brick manufacturers, London Brick and Butterley Brick, were poised to emerge from the 18-month slowdown in that market.

Hanson's figures were, as always, complicated by disposals and acquisitions.

Group turnover during the year rose from £7bn to £7.15bn, but the company managed to restrain costs and overheads at £5.87bn (£5.93bn).

Mr Taylor said the company was confident it could cut costs still further.

He pointed out that the process of bringing overheads into line had only just begun at Peabody, the US coal miner. Hanson bought the outstanding shares in Peabody at the beginning of July and the company said it had made a "useful", though unspecified, first contribution in these figures.

Mr Taylor added that Imperial Tobacco, part of Hanson's large UK consumer division, was in the middle of a large productivity programme which he was confident would lay the groundwork for further improvements in market share.

Sales in the consumer division, which also includes the battery manufacturer Ever Ready, were static at £2.7bn, but Hanson managed to push profits ahead to £283m (£245m).

Lex, Page 20

FN rescue deal leaves small shareholders in the lurch

By Lucy Kellaway in Brussels

SMALL shareholders in Fabrique Nationale Herstal, the Belgian light-arms maker which was last week saved from liquidation, yesterday discovered that there was almost nothing left for them in the long-hoped-for rescue plan.

Preference shares in the company fell by 73 per cent in Brussels yesterday to BFr36 compared with a price last week of BFr135. The scale of the fall was made particularly dramatic by a fire at the Belgian bourse which closed trading from Friday until yesterday morning.

Several shareholders expressed their bitterness over a deal which left them with the rump of the company with a large negative net shareholders value. The group's more valuable industrial assets – carrying a balance sheet totalling BFr5bn ($161m) and including the part of the company that makes Browning guns – were sold last week to Giat Industries, the French arms maker.

The rump consists of debt, some current assets, a 45 per cent stake in FN Motor, heavy provisions against the future costs of redundancy, and some potentially valuable tax credits.

The deal, struck on Friday after several months of complex negotiations, allowed Société Générale de Belgique, FN's largest shareholder, to get shot of a business that had been a serious drain on its funds.

As a cost of the deal, La Générale has agreed to pay BFr6bn towards the social costs of restructuring.

Analysts said yesterday that the outcome showed that La Générale had been under intense political pressure to ensure that FN remained in business at all costs, and had therefore put the needs of shareholders in second place.

Small shareholders own some 20 per cent of the original company. Those who participated in the rescue rights issue in February last year have done particularly badly, as the shares were then being sold for BFr515.

Yesterday there was a rush to sell, and in very heavy turnover, the shares touched a low point of BFr27.

HK Bank and Midland ponder link

By John Elliott in Hong Kong and David Lascelles in London

THE MIDLAND Bank and the Hongkong and Shanghai Bank will not extend their current standstill agreement when it expires in two weeks time. But they may renew their informal commitment to long-term co-operation and, possibly, merger.

The three-year-old agreement, which limits the Hongkong Bank to owning 14.9 per cent of Midland, is the main formal bond which binds the two banks together. It was intended as a precursor to a complete merger, but the declining fortunes of both banks this year have forced them to reconsider.

The banks had been expected to extend the standstill into next year. But this plan appears to have been dropped because it would only create a fresh deadline which would become a focus for renewed speculation.

Hongkong Bank's board meets next Tuesday to consider its final position. It is still not clear whether the prospect of an open-ended commitment to Midland will appeal to directors, or whether they will favour a more clear-cut plan. The feeling in the Hong Kong business community is that the bank might prefer to terminate its marriage plans in order to free itself to find a more suitable partner.

The steady approach of the 1997 deadline means that time is not on the bank's side. Deferral would also create uncertainty which neither bank wants.

Midland is still keen to pursue a marriage, in spite of the absence of any time-frame. Even without a formalised commitment, Midland feels the bonds of co-operation between the two banks are now sufficiently strong to see them through a difficult period. The banks have created electronic links, for example, and reorganised their international operations to suit each other.

Midland's board meets next Friday to consider the position. Neither bank is, however, expected to make an announcement next week.

The Hongkong Bank, which wants to secure a strong international role and overseas base before Hong Kong returns to Chinese sovereignty in 1997, bought 14.9 per cent of the Midland at the end of 1987. Both banks agreed that the stake would not be increased without mutual agreement before December 22 this year, and they therefore now feel they must make a public statement.

Abandoning the marriage plans would damage the prestige of the Hongkong Bank and its chairman, Mr William Purves. Mr Purves has considerable personal power as no single shareholder owns more than 1 per cent of the bank, and because he presides over a 24-person board dominated by non-executives.

INTERNATIONAL COMPANIES AND FINANCE

Lawyers pile into AT&T bid fray

Martin Lipton, the takeover specialist, talks to Alan Friedman

THE hostile $6.1bn cash bid for NCR by American Telephone & Telegraph (AT&T) was only hours old yesterday morning, but already an army of corporate lawyers for both sides had fired first salvoes in what may become a very messy battle.

Lawsuits were filed both challenging and defending the merger law of Maryland, where NCR, the fifth biggest US computer company, is incorporated. There were already more than 100 lawyers in the fray.

The man leading the charge for AT&T is Mr Martin Lipton, the respected 59-year-old Park Avenue takeover lawyer, whose firm – Wachtell, Lipton, Rosen & Katz – is considered one of the most high-powered in the US. But his role, in what has rapidly turned into an acrimonious corporate battle, is not without irony; he is the man who invented the poison pill anti-takeover defence, known as the "Just Say No!" defence. Mr Lipton is also one of the pre-eminent opponents of junk bonds and hostile takeover raids and the author of a recent Financial Times article arguing against hostile takeovers and short-termism in corporate America.

Mr Dennis Block, the senior partner at NCR's law firm – Weil, Gotschal and Manges – yesterday morning used his opponent's reputation as Mr Defence to take a pot shot at Mr Lipton: "Marty will argue that this is a strategic offer and it is not hostile, but a hostile tender is a hostile tender. It's a rose by any other name."

Chemical Bank has been selected by AT&T to head up the bank group that will finance its bid for NCR, AP-DJ reports from New York. Chemical will commit $600m toward the financing and will try to raise the remainder from other banks on a best-efforts basis.

Mr Lipton sought to deflect the criticism, stating he had no objection to strategic mergers "where the acquirer is interested in building a business rather than breaking it up." AT&T, he said, had no intention of dismantling NCR.

Wall Street, meanwhile, believes that an AT&T takeover of NCR is now inevitable – the NCR share price jumped by $4⅞ to $91⅞ yesterday morning, surpassing AT&T's $90 a share bid.

But the computer industry questions the strategic logic behind AT&T's quest for NCR. Mr Lipton responds that he does not presume to make judgments on strategy and if AT&T felt this was a strategic move "that's good enough for me."

The first legal action filed by Mr Lipton is a suit by AT&T in Baltimore seeking an interpretation of the state's business combination statute, which normally would impose a merger moratorium of three years if the board of NCR does not approve in advance the AT&T offer.

Mr Lipton argues the statute should apply only to the purchase of NCR shares, not the solicitation of proxies. This is of crucial import because AT&T could well start a proxy fight for board seats in a protracted takeover battle.

NCR, for its part, filed a suit in its home state of Ohio, seeking a judgment upholding the Maryland merger law. NCR has also tightened its poison pill defence. So how does the father of the poison pill see things from the other side?

Mr Lipton said he designed the poison pill to prevent either partial bids or to permit a "Just Say No!" defence against raiders. He terms NCR's position – that it sees no strategic reason for the merger, but would agree to talk if AT&T raised its price to $125 a share – as a "reverse bear hug" inasmuch as the company has set an asking price for itself.

Mr Charles Exley, NCR chairman, yesterday said that while he was opposed to the AT&T bid, logic required the setting of a $125 floor price. "Obviously there is a price where we would have to say yes." That is precisely what Wall Street and AT&T are betting on.

Fear and scepticism greet move for NCR

Louise Kehoe looks at reaction within the US computer industry

WALL Street's excitement over AT&T's $6.1bn bid to acquire NCR is not shared within the US computer industry, where executives are highly sceptical of AT&T's move to become a leading player though an acrimonious merger.

AT&T's hostile bid has also raised concerns that other US computer companies may also now become the targets of unwelcome takeover attempts.

"I am more curious than envious," said Mr John Sculley, chairman and chief executive of Apple Computer.

"There is no history of success of computer companies solving their problems through mergers. When you combine two old-line companies, you do not form one new vigorous company," he said.

Pointing to the current problems of Unisys, a $10bn company formed by the merger of Burroughs and Sperry, which is struggling to survive, several computer executives expressed doubts about the wisdom of AT&T's move.

"The main beneficiaries of mergers in the computer industry have been competitors, because the companies become so focused upon organisational matters that they lose sight of their customers," said Mr Benjamin Rosen, chairman of Compaq Computer and a veteran venture capitalist.

Mr Jim Manzi, chairman and chief executive of Lotus Development, a leading software company that recently aborted a merger with Novell, a computer network software company, described - with a heavy dose of sarcasm – AT&T's merger strategy as "absolutely brilliant".

Even Mr Robert Kavner, AT&T's top computer executive, was unable to offer any examples of successful computer industry mergers, when challenged at an industry conference in San Francisco earlier this week.

Mr Kavner defended AT&T's move, however, claiming that the proposed acquisition "would be different in several ways."

The difficulties of combining incompatible product lines which have dogged most computer mergers do not exist between AT&T and NCR, Mr Kavner pointed out, because both companies support "open systems" standards based upon AT&T's Unix operating system.

AT&T also aims to avoid the problems of management transition by handing over control of its own computer operations to NCR, Mr Kavner said. "We do not expect NCR's managers to preside over a down-sizing of their company," he stressed. While rationalisation will inevitably lead to plant closures and job cuts, "we will handle that side of it within AT&T," he said.

Although the combination of NCR and AT&T's computer business would form one of the largest electronics companies in the world, with combined total revenues of $42bn and estimated computer revenues


John Sculley: he is more curious than envious

of over $7bn, both companies are currently "also-rans" in the computer market.

Neither company ranks as a major competitor, said Mr Scott McNealy, chairman and chief executive of Sun Microsystems, the leading manufacturer of Unix workstations, one of the fastest-growing segments of the computer market.

NCR is in the middle of transforming its general purpose computer product line from a proprietary base to "open systems" standards, based upon Intel microprocessors and AT&T's Unix computer operating system. AT&T's efforts to make its mark in the computer industry are floundering amidst heavy losses.

The NCR acquisition "is an essential strategic step," Mr Kavner claimed. "Together, NCR and AT&T will emerge as a world leader in network computing . . . a strong American company . . with NCR forming the core of AT&T's computer business," he claimed.

However, Mr Kavner failed to convince his audience of several hundred computer executives and venture capitalists, attending the Technologic Partners computer conference in San Francisco this week.

Asked to predict whether AT&T would eventually acquire NCR, the majority raised their hands. Only a minority voted, however, when asked whether the deal should go through.

"It makes me sick to hear him talk about forming a great American company," one industry executive said .

"NCR is already a great American company. It does not need AT&T to step in and mess it up."

In an industry where independence is highly prized, it is clear AT&T has made an unpopular move. For $6bn, AT&T could have acquired almost any US computer company, conference host Mr Richard Shaffer, of Technologic Partners, pointed out, sending a shudder through the audience.

By pursuing a hostile bid for NCR, AT&T has debunked the conventional wisdom of the computer industry that large US high technology companies are not vulnerable to corporate raiders because their value is closely tied to the talents of management and engineers who can "walk out of the door".

The fear now , however, is that if AT&T can force itself upon NCR, then it may be only a matter of time before another corporate giant – perhaps a European or Japanese company – launches the next bid for a US computer company.

Navistar cuts loss to $7m

By Karen Zagor in New York

NAVISTAR International, the leading US truck manufacturer, has reduced its fourth-quarter net loss to $7m, or 6 cents a share, from $13m, or 8 cents, in the fourth quarter of 1989.

The Chicago-based company said improved manufacturing efficiency more than offset the impact of lower sales in the latest quarter, which fell to $971m from $1.01bn a year earlier.

Mr James Cotting, chairman, said industry-wide softness in retail demand for medium and heavy trucks, reflecting the economic slowdown in the US, remained the main factor behind Navistar's results.

The company expects to report a first-quarter loss because of lower sales volume.

For the whole of 1990, Navistar had a net loss of $11m, or 16 cents a share, against net income of $87m, or 23 cents, a year earlier. Sales in the year fell more than 9 per cent to $3.64bn from $4.02bn.

Fourth-quarter retail sales in north America for medium and heavy duty trucks dropped 15 per cent to 70,100 units. Navistar said its retail sales fell 12 per cent in the three months to 21,300 units.

Marketing push by GrandMet lifts profits 25%

By Philip Rawstorne in London

GRAND Metropolitan, the international food, drinks and retailing group, spent £833m ($1.6bn) on worldwide marketing and advertising last year as it pushed up pre-tax profits 25.5 per cent from £732m to £919m.

Sir Allen Sheppard, chairman and chief executive, said marketing – up by £175m on the previous year – helped all sectors overcome adverse economic conditions.

GrandMet's support for its brands, together with capital investments of £427m, would also strengthen its trading position, he said.

"1991 is potentially a difficult year with the translation impact of a weak dollar on our considerable US earnings, fewer property disposals, and an increased tax charge. In spite of these factors and the world economic situation, we expect further earnings improvements through continued trading growth."

Trading profit for the year to September 30 rose 12 per cent from £967m to top £1bn for the first time.

Earnings per share grew by more than 15 per cent to 64.1p (55.6p). A final dividend of 12.8p increases the total payout by 16 per cent to 20.4p (17.6p).

IDV, the group's wines and spirits division, reported trading profits 21 per cent higher at £407m (£335m). Boosted by advertising expenditure of £260m, brands such as Smirnoff, J&B Rare, Baileys and Malibu showed strong profit growth, and overall volumes were lifted by 6 per cent in a generally static market.

Brewing profits increased by 22 per cent to £66m (£54m).

Pillsbury's food operations in North America, included for the full year against nine months last time, lifted trading profits 56 per cent to £183m (£117m). Green Giant led the US frozen vegetable market, and bakery products and canned vegetables improved market share.

Alpo, the US pet food company, which GrandMet tried to sell earlier in the year, made no profits contribution; but following the successful launch of a new cat food, is being aggressively established as a new business segment.

European food businesses, including Pillsbury and the Brossard baked goods being developed as a pan-European brand, recorded a 23 per cent growth in profits to £126m.

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Itoman reassures creditors on restructure

By Robert Thomson in Tokyo

OFFICIALS of Itoman & Co, the Japanese trading house with problem property debts, and Sumitomo Bank yesterday met with the trading house's leading creditors in Tokyo to assure them that a new restructuring plan will have the bank's full support.

The bank has sent several officials, including Mr Eiji Tamai, a vice-president, to oversee the management of Itoman, which has already announced plans to reduce its property exposure by Y700bn ($5.4bn) over the next year.

Itoman has become a symbol of the dangers facing companies attempting to take advantage of Japan's property price spiral, but which have been caught out by a surge in interest rates this year and a softening of the real estate market.

Mr Tamai indicated after the meeting that the bank, the largest lender, would release a fully detailed restructuring plan by the end of this month, and that the plan would include large scale sales of real estate holdings.

He suggested that the proceeds from property sales would be used to ease the repayment pressure from financial institutions, which have been made nervous by reports of Itoman's problems and by the apparent suicide last weekend of an Itoman executive.

The wonder of Woolies lives on

Leslie Collitt on the store's long-awaited return to east Germany

F.W. Woolworth returned to east Germany and the grimy chemicals city of Halle yesterday after an enforced absence of 40 years.

Mr Harold E. Sells, chairman of the giant US retailer, and Mr Peter Ellegast, managing director of its German subsidiary, re-opened the first re-possessed Woolworth store, ushering in a big expansion by the company in eastern Germany. The Halle outlet was one of 19 former East German stores spread as far as Königsberg, now the Soviet Kaliningrad, which vanished behind the iron curtain after the Second World War.

In Halle, as elsewhere in Germany, Woolworth – pronounced "Vulvort" – is widely believed to be a native German company. When the Berlin Wall was opened in November 1989, one of the first destinations of east Berliners in west Berlin was "Vulle" as Woolworth is affectionately known in the local dialect.

Although Woolworth only officially reclaimed its gingerbread-style 1890s building in Halle last week, it kept ownership in the land register since the property was seized by the Communist state in 1950.

Such clear proof of ownership gave Woolworth an advantage over many western German retailers seeking bridgeheads in eastern Germany. They were obliged to form joint ventures with eastern German retailers, such as Konsum or the former giant Handels Organisation (HO) which is to be broken up.

Crowds flock to the opening of the Halle Woolworth

Whether by design or oversight, the Halle store continued to display the familiar red Woolworth sign until the Konsum retail co-operative took it over in 1970 for use as a shabby shoe outlet. In a fitting touch, Ms Friedel Machner, a spry 77-year-old pensioner from Halle who managed the store from 1957 to 1969, was guest of honour at the re-opening.

After asserting ownership earlier this year, Woolworth renovated the handsome building in the city's pedestrian shopping street and modernised the store at a cost of DM1.5m ($1m). The second Woolworth in eastern Germany is to open shortly in the Thuringian town of Sömmerda.

It is not far from where Woolworth maintained a buying office and warehouse since 1913 for the local wooden toys and Christmas ornaments which it sold in the US. Last year, Woolworth in West Germany bought well over DM100m in East German-made toys and textiles.

Another Woolworth store will be re-opened in Erfurt where, as in Halle, the company is to be given back the building and store it owned which was occupied by the state. One former Woolworth property remains – the rest were leased – in Magdeburg which was bombed out during the war. A Centrum department store was built on the site so Woolworth is entitled to compensation.

Three more stores in the east are to be launched in the near future, and Mr Barry Thomson of the parent Woolworth Corp said eastern Germany could get as many as 40 outlets. This compares with 296 Woolworth stores and 170 company-owned speciality shops in western Germany which are expected to achieve sales of DM2.8bn this year, Mr Ulrich Schillert, a spokesman of Woolworth GmbH noted. Woolworth's projected worldwide turnover is expected to reach $10bn in the year ending next January 31.

Remarkably, Woolworth is the first non-food American retailer to expand into a former Communist country, reflecting the fact that few US retailers operate internationally. Mr Schillert said Woolworth would consider doing business in other east European countries on an individual basis.

American Woolworth executives, revelling in the parent company's eight years of consistently rising quarterly profits, are not sparing in their praise of the German subsidiary. It had operating profits of $78m last year on turnover of $1.1bn and is ranked among the five most profitable German retailers.

The Americans forecast that Woolworth GmbH could, especially with the new eastern German outlets, overtake Canada as the second largest foreign subsidiary. One advantage of Woolworth in Germany was its upmarket status compared with the US parent company which had found it difficult to shed its former "5 and 10" cent image.

ABB and Finmeccanica to dissolve joint ventures

By John Wyles in Rome

ASEA Brown Boveri (ABB) and Italy's Finmeccanica agreed yesterday to dissolve their unhappy industrial partnership in electrical generating equipment manufacturing but pledged to collaborate closely on some technical development projects.

A divorce between the multinational led by Mr Percy Barnevik and the Italian state holding company has looked likely for most of the past year since ABB appeared to change its mind over ceding majority control to Finmeccanica's Ansaldo subsidiary of their manufacturing joint venture, Ansaldo ABB Componenti.

In May, Finmeccanica won a court judgment requiring ABB to pass majority control of FTCL – formerly known as Franco Tosi – to the joint venture.

Since then, Ansaldo has had day-to-day managerial control but has been unable to make any strategic changes because of ABB's non-participation in board meetings.

The two groups have now agreed that Ansaldo will purchase ABB's 40 per cent stake in the Componenti company and ABB will buy Ansaldo's 40 per cent of their second joint venture, ABB-Ansaldo Trasformatori. No financial details were disclosed, but it involves a net payment to ABB.

Finmeccanica said yesterday the agreement meant "peace with development" because the Componenti company will be using ABB steam turbine and generator technology which will be developed in partnership with the Swedish-Swiss multinational. In addition, they will collaborate on the so-called PIUS project for generating intrinsically safe nuclear energy.

The deal follows a meeting at the end of October between Mr Barnevik and Mr Fabiano Fabiani, the president of Finmeccanica, at which the two men agreed to try to resolve their differences. The outcome gives Finmeccanica what it sought three years ago when it was on the verge of purchasing control of Franco Tosi from the Pesenti group, only to see ABB snatch the prize at the last moment.

CGE and Fiat put seal on share stakes and links

By William Dawkins in Paris

COMPAGNIE Générale d'Electricité, the French telecommunications and engineering group, and Fiat, the Italian carmaker, have formally sealed their wide-ranging exchange of share stakes and activities.

Mr Pierre Suard, CGE chairman, and Mr Cesare Romiti, Fiat's chief executive, have signed the agreement announced in October, under which the French company will build up a 3 per cent stake in Fiat and the Italians will take 6 per cent of CGE's capital. They also confirmed plans to create a joint holding company to explore joint ventures in high technology businesses.

This is one of Europe's biggest cross-border industrial alliances and has created a political storm in Italy, where IRI, the state holding company, had unsuccessfully tried to get Fiat to accept it as an alternative partner.

The pair will build up share stakes to the agreed levels over four years by buying in the open market and will also issue each other with convertible bonds. The exact split between shares and bonds and the prices at which they will be issued has yet to be decided, said a CGE spokesman.

Details of the deal are as announced two months ago.

Suitors wanted for Enimont

ENI, the Italian state energy group, is seeking suitors for Enimont in a variety of chemical sectors, but it has no interest in a single corporate marriage to another international group following the recent traumatic divorce with Montedison, Reuter reports.

Mr Gabriele Cagliari, ENI chairman, said the company was actively seeking partnerships, joint venture and co-operation accords in several of Enimont's eight businesses ranging from fertilisers to plastics.

Stake in Esselte sold at premium

By Robert Taylor in Stockholm

NORDBANKEN and Gota, two of Sweden's leading commercial banks, yesterday became the largest shareholders in Esselte, one of the world's main office supply producers.

At a public auction in Stockholm they acquired for SKr1.09bn ($195m) the 6.8m Esselte shares held as collateral by them for loans made to Mobilia, the Swedish investment company, which filed for bankruptcy earlier this week.

Mobilia was the largest shareholder in Esselte.

The shares amount to around 27 per cent of Esselte's equity.

A further 17 per cent remains in the possession of Mobilia.

The banks bought the shares at well above their current market price.

Nordbanken paid SKr534m for 3.6m of the shares at SKr148 a share and Gota acquired the other 3.2m shares for SKr494m at SKr154 a share.

At the close of trading on Wednesday night, Esselte's A share stood at SKr108 and B share at SKr96.

Under Swedish law, banks can only hold shares in companies for a limited period.

Nordbanken said yesterday that he believed the bank would maintain its Esselte shares for only a short time.

"We will want to get rid of them as soon as possible if we can find a buyer prepared to pay a suitable price," he said.

Yesterday's auction followed a last-minute attempt by Mr Lars Nycan Mobilia's receiver to prevent yesterday's sale of the shares from taking place.

The share purchase has been made more difficult as a result of the receiver's decision to offer his resignation due to a division of loyalties because he is already involved with Gota bank.

Both Nordbanken and Gota must win the formal consent of the receiver – according to the law – before their purchase of Esselte shares from Mobilia come into force, but the go-ahead may now be delayed because a new receiver has to be appointed.

Magna returns to profitability

By Robert Gibbens in Montreal

MAGNA International, Canada's biggest independent car parts producer, returned to profitability in the first quarter. The group expects a "reasonable profit" for the full year, despite the depressed car industry.

First-quarter profit, on a preliminary basis, was C$2.8m (US$2.4m), or 10 cents a share, against a loss of C$9.9m, or 36 cents, a year earlier. Sales were C$444m against C$459m.

Capital spending this year has been cut to below C$40m, against C$178m in fiscal 1990, and about C$220m has been raised since last spring from asset sales to reduce debt of about C$1bn.

Venture capital company plans HK share offering

SHK Hong Kong Industries, an industrial venture capital company set up by leading businesses controlled by local Chinese families, is offering 60 per cent of a HK$200m (US$25.6m) share issue to the public at a price of HK$1.05 a share as part of its plan to list on the Hong Kong stock exchange on December 21, writes John Elliott in Hong Kong.

The main shareholders include Sun Hung Kai and Co, New World Development, Hysan Development, and Semi-Tech, an electronics company.

Applications for shares in the company, which was launched in September, close on December 11.

● Indosuez Asia Investment Services has postponed until early February the public listing of its US$25m Shanghai Fund which was to have been launched before the Shanghai Stock Exchange is opened in a permanent headquarters on December 19. It will be listed in London.

The postponement has been caused by local market scepticism about the speed at which China's equity market will expand, and by delays in the finalisation of Shanghai exchange rules.

Adsteam details write-off in Westpac sale

ADELAIDE Steamship Company (Adsteam), the Australian trading and investment group, yesterday said the sale of its remaining stake in Westpac Banking Corporation, Australia's biggest bank, would result in total write-offs of A$126m (US$96m), Reuter reports from Sydney.

Adsteam confirmed it and its associate companies, David Jones and Tooth, had sold their remaining 75.5m Westpac shares for A$3.80 each, amounting to A$286m.

The sale of Westpac shares is the latest step in Adsteam's asset disposal plan.

Honshu shares gyrate wildly on stake story

By Emiko Terazono in Tokyo

SHARES of Honshu Paper, a leading Japanese papermaker capitalised at Y734bn (US$5.45bn), have been gyrating wildly on the Tokyo stock market this week on reports that Mr Oei Hong Leong, president of United Industrial Corporation, a company listed in Singapore, is in a position to take a significant stake.

If Mr Oei goes ahead he could stir up as much controversy as Mr T. Boone Pickens, the Texas-based corporate raider who last year acquired a stake in Koito Manufacturing, a car parts company, and has since led a campaign against Japan's allegedly closed corporate world.

Mr Oei's interest in Honshu Paper, which says that it does not want a foreign partner, was made public this week when a revision of Japan's securities law came into effect, requiring holders of stakes of 5 per cent or more to show their hands. Dituka, a Hong Kong company controlled by Mr Oei, was forced to announce that it had purchased options to buy about 33 per cent of Honshu Paper's outstanding shares.

At a Toyko press conference, Mr Oei said that he met Mr Yoshinobu Yonezawa, president of Honshu Paper, and explained that the purchase of options was aimed at building a business partnership with Honshu, and linking it to a paper and pulp company owned by Mr Oei's brother in Indonesia. He also expressed interest in Honshu Paper's sophisticated processingtechnology.

Mr Takao Otsubo, senior managing director of Honshu Paper, said that he has no plans to negotiate with Mr Oei as Dituka is yet to become a shareholder. Mr Otsubo added that Honshu Paper was trying to restructure its domestic production system and had no intention of entering a business partnership with a foreign company.

Mr Oei said that a decision on whether to exercise the options by the expiry date in February 1991 would be taken after he has made a closer study of Honshu Paper.

He also said that the contract was for Y3,000 a share, amounting to about Y340bn if all were executed. He added that, although the price per share was considerably higher than the current price – the issue closed at Y2,130 yesterday – the purchase still provided good value.

Honshu Paper's stock has been a favourite among speculative investors since the end of 1989 when the issue was seen to be bought up surging from its Y1,000 level. The stock reached its all-time high of Y5,020 last August.

The issue gained 18.7 per cent on Monday on the news of Dituka's purchase, but fell the following day on reports that it was a front company. Mr Oei then called a press conference to confirm his interest in the company and to explain his plans for projects with Honshu.

BNZ shareholders pledge their support

By Terry Hall in Wellington

THE LEADING shareholders in the Bank of New Zealand – the New Zealand government and Fay Richwhite, the merchant bank – yesterday confirmed their commitment to continue to support the financially-troubled bank.

This follows the release of a surprise report on Wednesday which showed that both shareholders could withdraw from a rescue package for the bank if its shares fell below 50 cents in the week before a special shareholders' meeting called for December 20 to approve the deal.

News of the previously unknown condition, and a profits forecast also released on Wednesday showing that BNZ would suffer losses of up to NZ$75m (US$45m) in the current year, saw the BNZ share price fall a further 6 cents to 44 cents in a very gloomy share market.

The restructuring package required Fay Richwhite and the government to subscribe for a further NZ$250m worth of shares. The government is to pay 70 cents per ordinary share and Fay Richwhite 84 cents per preference share. These prices were reasonable when the rescue package was announced last month, but on yesterday's prices the government faces a book loss of NZ$48m and the merchant bank NZ$26m.

Ms Ruth Richardson, finance minister, said that although the government could pull out of the deal it would not. She said the government was committed to the recapitalisation of BNZ, but retained the option to review its participation because of the changing circumstances surrounding the share price.

Mr Michael Fay, Fay Richwhite joint managing director, said his company remained committed to BNZ whatever happened.

Berjaya agrees to sale of 32.9% stake in Magnum

By Lim Siong Hoon in Kuala Lumpur

BERJAYA, a listed Malaysian conglomerate, has agreed to sell its 32.9 per cent stake in Magnum, a lottery and property group it previously wanted to take over from the majority shareholder, Multi-Purpose.

In a M$310m (US$115m) deal with Multi-Purpose, Mr Vincent Tan, Berjaya's chief executive, has agreed to relinquish its entire stake culled from the group itself, its parent Inter-Pacific, and Sports Toto, a lottery subsidiary.

Dunlop Estates, a Multi-Purpose unit which sold virtually its entire plantation assets for M$478m earlier this year, is accepting Mr Tan's 41.8m share offer at M$7.42 each.

The deal ends a stand-off in the long battle between Mr Tan and Mr Lim; the former to gain monopolistic control of the country's lottery operations, and the latter to reorganise the various units in Multi-Purpose.

There are no apparent victors or losers; Mr Tan saw it as a gentleman's way out, while Mr Lim said it was "the end of one battle" and there was no compromise in it. Though the acquisition gives him a 72.7 per cent combined stake, Magnum is now without its most important asset, a housing scheme called Sri Damansara.

In spite of the apparent objections of Mr Tan, Mr Lim had pushed through the Sri Damansara sale, one of a number of divestments he has made since gaining control of Multi-Purpose last year.

Mr Tan receives a 16 per cent capital gain on the sale and could now redirect his energies into Sports Toto, which plans to acquire more than M$450m in property and resort companies, including a 25 per cent stake in Sri Damansara from General Lumber.

Zambian copper producer climbs to K1.25bn

By Mike Hall in Lusaka

ZAMBIA Consolidated Copper Mines (ZCCM), the mainstay of the Zambian economy, yesterday announced a K1.25bn (US$31.3m) net profit for the quarter ending September 30, compared with K394m in the corresponding period last year.

The state-owned company, the world's fifth largest copper producer, recorded production of 111,942 tonnes – higher than the 94,759 tonnes achieved in the June quarter, but 1,366 tonnes down on the corresponding period last year.

The average price for copper rose 122 per cent to K103,377 a tonne in the latest quarter, from K46,490 a year earlier.

Cobalt production, at 1,207 tonnes, was slightly lower than the same period last year.

Cregem Finance N.V.

(Incorporated with limited liability in the Netherlands)

¥15,000,000,000

Floating Rate Notes

Due 1992 (the "Notes")

Unconditionally and irrevocably guaranteed by

Crédit Communal de Belgique S.A./ Gemeentekrediet van België N.V.

(Established in the Kingdom of Belgium)

Notice is hereby given that for the Interest period from 7th December, 1990 to 7th June, 1991, the Notes will carry an Interest Rate of 7.55% per annum. Interest payable on 7th June, 1991 will amount to ¥376,466 per ¥10,000,000 Note.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

NOTICE TO THE BONDHOLDERS OF

Mazda Motor Corporation

U.S. $100,000,000

3 per cent. Convertible Bonds 2000

Pursuent to Clause 7 (E) of the Trust Deed dated 16th April, 1985 (the "Trust Deed") relating to the above captioned Bonds (the "Bonds"), notice is hereby given as follows:

In accordance with the resolutions of the Board of Directors of the Company adopted at the meeting held on 21st and 29th November, 1990 the Company issued Yen 80,000,000,000 Convertible Bonds due 1999 at the initial conversion price of Yen 544.0 per share.

As a result of the above issue, the Conversion Price (as defined in the Trust Deed) has been adjusted pursuant to Condition 5 (C) (iv) of the Trust Deed as set forth below.

Conversion Price before adjustment: Yen 486.0
Conversion Price after adjustment: Yen 478.0
Effective date of adjustment: 10th December, 1990, Japan time

7th December, 1990

Mazda Motor Corporation
By: The Sumitomo Bank, Limited
as Principal Paying Agent

INTERNATIONAL CAPITAL MARKETS

Wave of optimism on Gulf prompts worldwide rise

By Stephen Fidler in London and Patrick Harverson in New York

THE announcement by Iraq's president Saddam Hussein that foreign hostages in Iraq were free to leave the country sent a wave of optimism through Europe's bond markets yesterday.

The statement, raising hopes that a war in the Gulf could be averted, pushed oil prices lower and suggested some respite from inflationary pres-

GOVERNMENT BONDS

sures in Europe.

The UK market showed the most strength, and the long end of the market was up to ¾ points higher.

This end of the market was benefiting, in any case, from some switching out of short gilts. This was on the basis that current yields at the short end – 11.2 per cent in the two-year area and 10.9 per cent in the three-year area – already discount a number of cuts in interest rates.

It was further encouraged by a belief that the longer interest rates stay high because of sterling's relative weakness within the European exchange rate mechanism, the more inflation will be squeezed out of the economy.

A benchmark – the 11¾ per cent issue of 2003-07 – closed at 107$\frac{1}{16}$, up $\frac{11}{16}$ point on the day and yielding 10.63 per cent. On the London International Financial Futures Exchange, around 20,000 contracts changed hands and after hitting a high of 89-26 – a full point up on yesterday's close – it settled back to 89-17.

■ The German market's obsession with the government's funding needs and the prospect for further officially-inspired increase in interest rates meant it was more subdued than the other main bond markets.

There were worries in some quarters that next Thursday's meeting of the policy-setting Bundesbank Council might decide to raise Lombard rate, currently 8½ per cent, or even float the rate above short-term market rates.

Current call money rates are around 8¾ per cent. The central bank does not like to see market rates above its official rates, because it encourages banks to borrow central bank funds to lend into the market.

This week's auction of Bunds started the federal funding schedule for 1991, and the only likely issue to follow will be the usual new year issue.

High money market rates and the weakness of the dollar led to a strengthening of the mark within the ERM. This encouraged those who believe an ERM alignment may be in the offing.

Although this would involve a devaluation of the franc against the mark, the yield gap between the two markets narrowed, with the French market out-performing the German.

The German market's rise of 30 pfennigs compared with that in France of about 50 centimes. The yield gap between the two markets narrowed to 107 basis points in the 10-year area, with the Bund yielding 8.83 per cent and the 10 per cent French OAT yielding 9.90 per cent.

The Paris market may have been encouraged by the auction, where new supply was at the lower end of expectations. It comprised FFr3.38bn of 8½ per cent bonds due 2000 – yielding an average 10 per cent – and FFr2.45bn of 8½ per cent bonds due 2019 at a yield of 10.13 per cent.

■ Treasury issues firmed at the long end early yesterday on the news that Saddam Hussein had offered to release all foreign hostages before Christmas, but then lost some gains after the Federal Reserve moved to reverse the downward trend in the Federal funds rate.

At midday, the benchmark 30-year Treasury issue was up ¼ at 104$\frac{13}{32}$ to yield 8.290 per cent, although earlier it had been more than half a point higher. There was little movement at the short end, with the two-year bond stuck at 99$\frac{25}{32}$, yielding 7.443 per cent.

The hostage news and the December 17 date set for a meeting in Washington between President Bush and Iraqi foreign minister Tariq Aziz buoyed hopes that the Gulf crisis could be settled peacefully.

Ironically, signs of crumbling in Congress' bipartisan support for early military action also helped the market.

Traders reckon that Democrat opposition to the use of force in the short term reduces the chances of war in January when the US deadline for Iraqi withdrawal from Kuwait expires.

The turnround in prices later in the morning followed the Fed's open market operations at 11.30am local time. The matched sale-purchase agreements were intended to bring the Fed funds rate back up to its 7¼ per cent target and make it clear to the market that a further easing of monetary conditions was not under way. Fed funds had been trading below the Fed target, at 7$\frac{3}{16}$ per cent.

Analysts reckoned that yesterday's operations highlighted the Fed's cautious approach, and suggested the authorities were waiting for the release of today's unemployment data to decide whether a further reduction in short-term interest rates was required.

● The French government raised a total of FFr5.83bn, excluding non-competitive bids, at its regular monthly bond auction, agencies report.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-20	+2/32	11.18	11.16	11.46
		9.000	03/00	90-28	+17/32	10.56	10.75	11.28
		9.000	10/08	90-02	+28/32	10.21	10.43	10.93
US TREASURY *		8.500	11/00	102-15	+7/32	8.13	8.30	8.49
		8.750	08/20	105-00	+8/32	8.29	8.45	8.61
JAPAN	No 119	4.800	6/99	87.0755	+0.186	7.25	7.52	7.74
	No 129	6.400	03/00	96.8951	+0.273	6.95	7.21	7.44
GERMANY		9.000	10/00	101.0000	+0.200	8.84	8.85	9.02
FRANCE	BTAN	9.000	11/95	95.6516	+0.001	10.15	10.13	10.19
	OAT	8.500	03/00	91.4000	+0.470	9.94	10.08	10.29
CANADA *		10.500	03/01	100.9600	+1.050	10.34	10.58	10.80
NETHERLANDS		9.250	11/00	100.9600	+0.210	9.10	9.10	9.18
AUSTRALIA		13.000	07/00	105.4638	+0.233	12.02	12.11	13.15
BELGIUM		10.000	08/00	100.3000	+0.400	9.70	9.76	9.87

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on December 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	100¾	101¼	+⅛	8.52
ALBERTA PROVINCE 9 3/8 95	600	102¾	103¼		8.62
AUSTRIA 8 1/2 00	400	97⅛	97½	+⅛	8.97
BANK OF TOKYO 8 3/8 96	200	97⅛	97⅝	+⅛	9.06
BELGIUM 9 1/8 92	400	101⅛	101⅝		8.23
BFCE 7 3/4 97	150	95⅛	95⅝	+⅛	8.73
BNP 8 5/8 94	300	100⅞	101⅛	+⅛	8.31
BP CAPITAL 9 5/8 93	150	101⅞	102⅜		8.59
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93	94		9.62
KREDIETCORP 7 93 LFr	1000	94⅛	95½	+⅛	9.39
WORLD BANK 8 96 LFr	1000	94	95	+⅛	9.45
AMRO BANK 6 1/4 92 Fl	150	94⅛	95⅛		9.81
RABOBANK 5 3/4 93 Fl	150	92¼	93		9.75
ALBERTA PROVINCE 10 92 C$	500	98	98¼	+⅛	11.34
BCE INC 9 5/8 93 C$	300	96	96½	+⅛	11.57
BELL CANADA 10 5/8 99 C$	[illegible]				

FLOATING RATE NOTES; CONVERTIBLE BONDS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS: [illegible]

* No information available – previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Vancouver SE seeks to improve reputation

By Bernard Simon in Toronto

THE VANCOUVER Stock Exchange, battered by a burst of unflattering publicity and diving share prices, has convened a special meeting of members to discuss its problems and a series of austerity measures.

The meeting of the VSE's 46 member-firms, to be held on Tuesday, will focus on ways to improve the exchange's reputation and its financial position. It will also look at how members can redeem unwanted seats.

The exchange this week announced a 15 per cent cut in staff to offset a loss which will reach about C$1m this year.

The VSE, which critics liken to a casino, specialises in speculative resource stocks such as mining. It is on the defensive due to the questionable claims of some listed companies and the activities of some colourful promoters who push their shares.

The bad publicity climaxed in October with a damaging TV programme about the exchange on one of the US networks.

The problems have been compounded by a steep fall in share prices, trading volumes and new listings. The VSE index opened yesterday at 510.73 – 75 per cent below the peak reached less than four years ago. The fall in share prices and the uninspiring outlook for gold have contributed to a withering of new financings.

The VSE has taken several steps to try to improve its image, including tougher enforcement of its rules, more careful screening of new listings and an effort to draw a clearer distinction between speculative penny stocks and better-established companies.

Alcatel to set up $1bn note programme

By Stephen Fidler

ALCATEL, the Paris-based telecommunications equipment company owned 70 per cent by Compagnie Générale d'Electricité and 30 per cent by ITT of the US, is establishing a $1bn "global" medium-term note programme.

The programme will allow it to issue notes into the international market, but also into the US market as private placements under the Securities and Exchange Commission's Rule 144a.

Proceeds from the notes are expected to repay commercial paper and to consolidate borrowing by subsidiaries at the parent level.

Moody's Investors Service said yesterday it would rate the notes – and those on a DM300m medium-term note programme – as Aa3.

● Bank of Tokyo issued Y60bn of convertible bonds in Tokyo, and Moody's said yesterday it would assign an Aa2 rating to the issue.

CBOE to extend Leaps options

By Barbara Durr in Chicago

THE CHICAGO Board Options Exchange said yesterday it was to launch trading in Long-Term Equity Anticipation Securities (Leaps) on December 11 in the Standard & Poor's 100 stock index.

The options will be based on a fraction of the value of the S & P 100 index.

The CBOE said it had experienced such success with its Leaps in 14 blue chip stocks, which began trading on October 5, that it had decided to expand use of this new long-term option.

The S & P 100 Leaps will have three call and three put series based on one-tenth of the index value. This will result in initial options prices of about $2 to $6. Initial expirations will be two years out, with strike prices at 2½-point intervals.

The exchange says the S & P 100 Leaps will be attractive to retail investors, the most active users of S & P 100 options.

French bank plans Ecu fund launch

CREDIT LYONNAIS, the French bank, said yesterday it would launch three new international mutual funds under Luxembourg law, denominated in European currency units, Reuter reports from Paris.

The first two will be launched during the next few days. One is a fund investing in European equity. With each share priced at 10,000 Ecus, the funds are aimed at institutional investors.

The other is called Crédit Lyonnais Earth Fund.

INTERNATIONAL CAPITAL MARKETS

Disappointing reception for Italian railway Ecu issue

By Tracy Corrigan

ENTO Ferrovie dello Stato, the Italian state railway, launched a Ecu500m issue of seven-year bonds in the international markets yesterday.

Although demand for Ecu bonds is quite firm, and the deal was considered fairly priced at a yield spread of 12 basis points above the French government's Ecu issue, it performed disappointingly. Investors were reluctant to buy the bonds at the fixed reoffer price of 99.98, sensing that the bonds would become cheaper. By the end of the day the issue was bid at 99.70.

Some members of the syndicate, including lead manager Banco di Roma, were said to lack the placement capacity to distribute international bonds. However, the deal is tax-exempt for Italian investors, and retail interest may help it.

In the dollar sector, Guinness, the UK brewer, followed its successful debut this week in long-dated sterling.

The issue is unswapped, as Guinness has substantial operations in the US.

Caisse Nationale des Telecommunications brought a FFr1.7bn issue to the French market. The deal will be added to CNT's outstanding FFr2bn 10-year issue, but the size will be exceeded by Société Nationale des Chemins de Fer Français' 9¼ per cent issue due 1997, which totals FFr3bn after a further tranche yesterday.

The European Investment Bank added a Y20bn tranche of 10-year bonds to an outstanding Y60bn issue, making it the largest 10-year deal. Daiwa Europe was arranger and underwriter. The EIB also brought a Swiss SFr150m deal.

Mitsubishi Motors launched a $400m equity-linked four-year deal via Nikko Securities, bid at its issue price of 100. Nippon Koshua Steel brought a smaller $80m transaction, also bid at par.

INTERNATIONAL BONDS

ANGLIAN LEADS WAY FOR WATER COMPANIES

Anglian Water became the first of the privatised UK water companies to bring a straight bond issue, tapping the sterling market yesterday, writes Tracy Corrigan.

The market has been waiting for this since the start of the year, when most of the water companies appointed lead managers and were poised to launch issues. Since then, the only issue was a £100m index-linked deal by Anglian in July.

Now, the strong performance of long-dated UK gilts has brought down interest rates. Long-gilt yields have fallen to about 10¼ per cent, their lowest this year.

The Anglian deal was structured as a Eurobond, to cater to potential overseas demand, although initial placement was mostly among UK institutional investors.

Anglian Water was the only water company to be privatised with net debt on its balance sheet and was expected to be among the first to issue debt. But the other water companies also need to raise funds for investment in their water and sewage businesses, and may be looking at the market now that rates have eased.

"We think rates are right," said Mr Chris Mellor, Anglian group finance director. Even if rates have some way to fall, he expects the yield spreads over gilts which water companies have to pay to rise, as more come to the market.

Anglian's £100m 23-year Eurobonds pay a yearly coupon of 12 per cent. The bonds, via S.G. Warburg, were launched at a yield spread of 150 basis points above the comparable gilt.

Mr Mellor said the company was now adequately funded for the next 12 to 15 months, but did not rule out a return to the market, perhaps to the US private placement market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Mitsubishi Motors(a)♦	400	(4⅞)	100	1994	2¼/1½	Nikko Secs.
Guinness Fin.BV(a)♦	200	9	101.825	1996	1⅞/1.675	CSFB
Nippon Koshua Steel(a)♦	80	5	100	1994	2¼/1½	Yamaichi Int.
CANADIAN DOLLARS						
Ontario Hydro(a)♦	1bn	10⅞	99.83	1995	35bp	Merrill Lynch
IBM Canada(a)♦	150	11	101	1995	1⅞/1¼	ScotiaMcLeod Inc.
STERLING						
Anglian Water plc(a)♦	100	12	99.497	2014	⅝	Warburg Secs.
FRENCH FRANCS						
CNT(e)♦	1.7bn	10	100.10	2000	2/1.90	CCF
SNCF(b)♦	1.25bn	9¼	97	1997	1⅞/1¼	CCF
ECUs						
Ente Ferrovie d'Stato(a)♦	500	10⅛	99.98	1998	30/20bp	Banco Di Roma
D-MARKS						
Misawa Homes Co.(a)♦	90	5⅛	100	1995	2¼/1½	Nomura Bk GmbH
SWISS FRANCS						
EIB(c)♦	150	7⅜	101¾	2001	-	UBS
YEN						
EIB(d)♦	20bn	6⅝	96.10	2000	-	Daiwa Europe

★★Private placement. §Convertible. ♦With equity warrants. †Floating rate note. ♦Final terms. a) Non-callable. b) Amount increased from FFr750mn. Fungible with existing deal. Now totals FFr4bn. Non-callable. c) Callable after 7 years at 101%, declining by ½% annually, thereafter. d) Fungible with existing Y60bn deal. Non-callable. e) Fungible with existing FFr2bn deal. Non-callable.

CIBC result tarnished by losses at dealer arm

By Bernard Simon in Toronto

A STRONG performance by Canadian Imperial Bank of Commerce (CIBC) in fiscal 1990 was tarnished by a C$87m (US$74.8m) loss at Wood Gundy, its securities dealer subsidiary.

CIBC, Canada's second biggest bank, lifted earnings 78 per cent to C$802m, or C$4.03 a share, in the year to October 31 from C$450m, or C$2.28, the previous year. However, the 1989 results included a C$538m special provision for Third World loans. Excluding this writedown, income rose 6 per cent.

The bank ascribed the improved earnings to higher interest income stemming from a 14 per cent rise in assets, a 14 per cent increase in fee and other income, and a C$126m recovery from the sale of Third World loans.

As a result of last year's writedowns, CIBC has a 100 per cent provision on its Third World loan portfolio, with the exception of its exposure to Mexico.

CIBC paid C$190m in June 1988 for a 62 per cent stake in Wood Gundy, one of Canada's oldest and biggest securities firms. It owns 72 per cent of the firm, having repurchased – but not yet distributed – some employees' shares.

Wood Gundy was profitable last year but has suffered heavily from the sagging securities business and its acquisition this year of Merrill Lynch Canada's retail business. The firm has cut its workforce by about 20 per cent this year.

CIBC's loan losses, excluding LDC provisions and recoveries, rose by 21 per cent to C$380m. Compared with most other Canadian banks, whose main headache has been their domestic corporate loans, losses on CIBC's Canadian business portfolio fell by 7 per cent. But international losses climbed by a third and Canadian personal loan losses by 53 per cent.

Non-performing loans rose by 12 per cent during the year to C$872m, the lowest level among the Canadian banks as a proportion of total loans and acceptances.

Stormy days for securities firms

Patrick Harverson on new threats to the recession-buffeted industry

THE weather in southern Florida near the end of last week – uncomfortably humid, with cloud-filled skies and buffeting winds – matched the mood at the Securities Industry Association's annual convention in the resort of Boca Raton.

The securities industry – and Wall Street in particular – has been in recession for nearly four years, and cannot see a way out.

The figures are depressing. Since the October 1987 stock market crash, 40,000 jobs have been lost in the securities business. Analysts predict another 40,000 redundancies over the next two to three years. This would leave the total workforce at about 170,000, compared with 250,000 at the height of the 1980s bull market.

Underwriting fees are less than half what they were in 1989, and at their lowest level since 1984. Global merger activity is down 40 per cent since last year. Profit margins have fallen from a peak of 14 per cent in 1980 to less than 1 per cent in the first half of this year, while return on equity in the same period has dropped from 49 per cent in 1980 to below 2 per cent (compared with 17 per cent in the US manufacturing industry).

Commissions are down 11 per cent on 1989 and are expected to fall further. And this year, for the first time since the 1970s, total securities industry revenue will fail to set a record high.

If matters were not bad enough, the industry faces the threat of competition from the country's commercial banks. The SIA is taking the threat very seriously, and it dominated discussions at the Boca Raton convention.

The business of banks and securities firms has been kept apart in the US by the Glass-Steagall Act and the Bank Holding Company Act of the 1930s. However, the legislative wall separating the two industries has been crumbling.

A large chunk was knocked down in September when the Federal Reserve Board granted equity-underwriting power to J. P. Morgan. It was the first time a bank had been empowered to compete head-on with Wall Street for core securities business.

Now, the Bush administration intends to introduce legislation next year to allow banks to conduct all securities business and let them compete across the country.

> The legislative wall separating the two industries has been crumbling

The present poor state of the securities industry means that banks will not be rushing headlong into capital markets business. However, they have waited a long time for the opportunity to take a piece of Wall Street's often highly profitable cake, and the securities industry recession has not dampened their enthusiasm.

The securities industry, defeated over Glass-Steagall and aware of increasing encroachment on its turf, has moved on to the offensive with a campaign to ensure that if banks and securities firms are to compete for the same business, they do so on equal terms. The SIA has drawn up a list of legislative reforms it plans to put before the US government and Congress early next year.

The Federal Reserve has limited the amount of underwriting of corporate bonds or stocks a bank can do, to 10 per cent of the gross revenue of its securities subsidiary.

However, the SIA fears these restrictions will not last forever.

The SIA proposals are:

- Any authorised securities operation owned by a commercial bank is to be divorced from the protection afforded to the commercial bank by federal deposit insurance (the system whereby the US government insures all deposits in US banks of up to $100,000).
- Credit support for banks' securities subsidiaries to be provided not by the parent bank, but by new entities to be created within commercial banking groups under the regulation of the Comptroller of Currency (the SIA labels the new entities "investment banking financing companies").
- All securities subsidiaries of commercial banks to be subject to regulation by the Securities and Exchange Commission (SEC).
- Securities firms to be allowed to own federally-insured commercial banks, but their commercial banking operations to be monitored by bank regulators.
- Direct access for securities firms to the dollar payments system, and emergency access to the Federal Reserve's discount window, the loan facility from which banks can borrow money against the collateral value of eligible securities, during a liquidity crisis.

The issue closest to the SIA's heart is that of federal deposit insurance. Its greatest fear is that commercial banks' securities operations will be protected from failure by the federal deposit insurance safety net. This would be unfair on securities firms, says the SIA – whose success or failure has always been left to the mercy of market forces – and might lead banks to take risks with their securities business knowing that they are federally-insured. This, the association argues, could lead to another disaster of deregulation to match that of the US savings and loan (thrift) industry.

Mr Robert Downey, chairman of the SIA, said in his speech to the convention: "There is an uncomfortable sense of déjà vu in the current clamour for the "unshackling" of US commercial banks.

"Unshackling thrifts for entrepreneurial activities while allowing them to use federally-insured money was deregulation without privatisation. The nation cannot afford a repeat of the failed thrift deregulation experiment in the commercial banking sector," he said.

> The issue closest to the SIA's heart is that of federal deposit insurance

The SIA's plan, which it hopes will be adopted in large part next year, has a better chance of success than its ill-fated campaign against reform of Glass-Steagall.

This time it appears to have the backing of the US government, and of Congress, which has been belatedly pushing for reform of federal deposit insurance in the wake of the collapse of the thrift industry.

Mr Nicholas Brady, Treasury secretary, told the conference he was seeking federal deposit insurance reform. He said he was aware of the risks of allowing banks' securities businesses to benefit from the cover provided by federal deposit insurance.

Bavarian bank announces increase in profits

BAYERISCHE Vereinsbank, the Bavarian-based bank, yesterday reported increased partial operating profits for the first 10 months of 1990, at both group and parent level, despite tricky trading conditions and considerable costs of expansion into east Germany, writes Katharine Campbell.

Group partial operating profits, at DM701m, rose 1 per cent against the 1989 period, while parent earnings, at DM479m, were 9 per cent higher.

The bank did not give total operating profits, though it said that despite lower revenues from own account trading in the second half of the year, the overall figure was "somewhat higher" than a year ago.

The big German banks' trading accounts have all suffered from the state of the equity market since August.

The 10-month report excludes the results of the Hamburg-based Vereins-und Westbank, in which the Bavarians hold a 62 per cent stake.

The bank has 21 branches in eastern Germany, with 300 employees and 29,000 customers. It has extended DM2bn in loans and property financing since July. Mr Albrecht Schmidt, chief executive, said he was particularly encouraged by movement in the building sector, with some 1500 east-west ventures. Ten per cent of new businesses were in the building sector, he added.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday December 6 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Dec 5 Index No.	Tue Dec 4 Index No.	Mon Dec 3 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (196)	727.03	+1.4	14.62	6.57	8.35	34.18	716.84	719.15	726.02	895.12
2 Building Materials (26)	987.27	+1.0	14.60	6.19	8.44	41.09	977.08	987.31	990.02	1083.89
3 Contracting, Construction (34)	1153.67	+0.7	16.24	6.97	8.00	59.48	1145.13	1148.69	1157.42	1457.09
4 Electricals (10)	1905.78	+2.0	14.72	7.07	8.31	99.22	1868.60	1878.62	1893.87	2570.23
5 Electronics (26)	1535.49	+0.1	10.42	5.60	12.79	60.29	1533.20	1550.74	1585.64	1901.60
6 Engineering-Aerospace (8)	401.31	+2.5	16.71	6.08	7.17	17.27	391.55	388.23	389.63	0.00
7 Engineering-General (48)	371.43	+1.8	15.61	6.91	7.74	18.02	364.90	363.48	362.44	0.00
8 Metals and Metal Forming (8)	411.28	+1.3	22.09	8.35	5.59	24.83	406.12	407.95	408.54	462.74
9 Motors (13)	300.32	+4.0	16.63	8.01	7.01	17.45	288.73	285.80	288.13	370.16
10 Other Industrial Materials (23)	1259.91	+1.7	13.38	6.49	8.64	62.04	1239.05	1239.98	1261.16	1724.74
21 CONSUMER GROUP (178)	1236.20	+1.4	9.96	4.19	12.47	35.49	1219.56	1213.12	1213.54	1313.28
22 Brewers and Distillers (22)	1572.85	+1.7	10.27	3.92	11.98	33.88	1546.26	1527.40	1529.40	1501.37
25 Food Manufacturing (19)	1024.83	+1.2	11.35	4.83	10.84	31.63	1012.28	1012.63	1009.67	1146.43
26 Food Retailing (16)	2310.63	+1.5	9.74	3.26	13.41	58.72	2276.51	2272.78	2261.23	2337.93
27 Health and Household (18)	2546.92	+1.4	6.98	2.98	16.98	59.14	2511.92	2486.59	2487.75	2697.26
29 Leisure (32)	1242.23	+0.8	12.28	5.35	9.90	44.64	1232.30	1232.96	1227.01	1630.75
31 Packaging & Paper (12)	523.04	+2.0	12.31	6.65	9.98	23.79	512.93	517.41	517.18	542.84
32 Publishing & Printing (13)	2988.80	+0.6	12.02	6.34	10.41	139.88	2970.76	2969.13	2985.52	3763.88
34 Stores (34)	819.51	+1.3	10.42	4.44	12.47	25.63	809.06	806.53	811.76	798.94
35 Textiles (12)	437.17	+2.1	13.32	8.12	9.63	26.32	428.06	423.89	424.93	527.53
40 OTHER GROUPS (105)	1022.97	+1.5	12.25	5.66	9.91	33.65	1007.83	1001.65	1008.09	1172.40
41 Agencies (14)	909.61	+3.9	11.70	3.69	10.36	23.93	875.75	880.10	888.82	1594.40
42 Chemicals (24)	1071.08	+1.6	12.66	6.30	9.32	50.79	1053.83	1047.90	1058.40	1216.52
43 Conglomerates (13)	1321.95	+1.8	12.60	7.57	9.58	41.19	1298.15	1282.56	1299.51	1683.90
44 Transport (15)	1926.88	+2.4	13.51	5.29	9.11	72.05	1881.70	1860.76	1852.83	2280.78
46 Telephone Networks(3)	1180.40	+1.0	11.33	4.28	11.47	26.09	1168.75	1168.57	1176.00	1159.38
47 Water(10)	2168.71	+1.2	13.38	6.78	8.47	68.12	2143.17	2136.05	2154.36	0.00
48 Miscellaneous (26)	1584.28	+0.8	11.83	5.60	9.82	63.59	1572.30	1553.03	1552.89	1927.62
49 INDUSTRIAL GROUP (479)	1046.74	+1.4	11.68	5.17	10.50	35.60	1032.09	1028.26	1032.62	1178.29
51 Oil & Gas (21)	2300.49	-1.3	9.72	5.53	13.43	95.39	2329.83	2337.01	2363.74	2354.52
59 500 SHARE INDEX (500)	1150.06	+1.0	11.39	5.22	10.86	40.42	1138.60	1135.57	1141.66	1276.58
61 FINANCIAL GROUP (102)	734.55	+1.8	–	6.52	–	34.02	721.80	720.08	726.30	828.09
62 Banks (9)	782.09	+2.8	20.61	7.40	6.35	42.00	760.55	762.34	767.89	848.31
65 Insurance (Life) (7)	1337.96	+1.6	–	5.74	–	55.82	1316.78	1304.00	1326.78	1388.98
66 Insurance (Composite) (6)	641.45	+1.1	–	6.67	–	32.08	634.49	629.67	641.09	705.14
67 Insurance (Brokers) (8)	1013.17	+0.7	7.47	6.35	17.54	48.39	1006.33	1008.23	1002.50	1138.45
68 Merchant Banks (7)	360.47	+0.4	5.38	5.71	24.79	14.24	359.06	360.00	357.00	466.65
69 Property (44)	986.87	+0.9	7.35	4.99	18.41	30.55	977.78	974.81	979.64	1227.68
70 Other Financial (21)	253.18	+1.1	11.00	7.16	11.52	13.00	250.30	248.69	248.47	329.38
71 Investment Trusts (70)	1022.31	+1.4	–	3.95	–	28.74	1007.95	1004.82	1011.35	1283.55
91 Overseas Traders (5)	1243.83	+1.8	11.48	7.43	10.37	70.90	1222.00	1208.13	1202.85	1517.03
99 ALL-SHARE INDEX (677)	1047.33	+1.1	–	5.39	–	38.48	1035.59	1032.81	1038.80	1169.83

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 5	Dec 4	Dec 3	Nov 30	Nov 29	Year ago
FT-SE 100 SHARE INDEX♦	2177.5	+24.9	2190.2	2162.5	2152.6	2146.3	2162.7	2149.4	2135.6	2346.7

FIXED INTEREST

PRICE INDICES	Thu Dec 6	Day's change %	Wed Dec 5	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	120.03	+0.10	120.01	0.11	11.27
2 5-15 years	129.40	+0.50	128.76	–	11.95
3 Over 15 years	131.92	+0.95	130.83	0.16	10.93
4 Irredeemables	147.35	+0.89	146.06	–	13.70
5 All stocks	128.29	+0.40	127.82	0.05	11.77
Index-Linked					
6 Up to 5 years	157.98	+0.07	157.87	–	3.04
7 Over 5 years	144.89	+0.30	144.45	–	3.45
8 All stocks	145.75	+0.28	145.34	–	3.42
9 Debentures & Loans	103.35	+0.07	103.28	–	11.14
10 Preference	73.89	+0.13	73.79	–	6.44

AVERAGE GROSS REDEMPTION YIELDS		Thu Dec 6	Wed Dec 5	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.54	9.57	10.38
2	15 years	10.12	10.20	9.89
3	25 years	10.16	10.25	9.80
4 Medium Coupons	5 years	10.83	10.87	11.40
5	15 years	10.48	10.59	10.28
6	25 years	10.34	10.46	9.91
7 High Coupons	5 years	10.95	11.01	11.54
8	15 years	10.68	10.79	10.48
9	25 years	10.51	10.64	10.05
10 Irredeemables	†	10.37	10.47	9.87
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.82	3.85	3.72
12 Inflation rate 5%	Over 5 yrs.	4.16	4.18	3.69
13 Inflation rate 10%	Up to 5 yrs.	2.58	2.60	2.88
14 Inflation rate 10%	Over 5 yrs.	3.98	4.00	3.52
15 Debs & Loans	5 years	12.61	12.63	12.82
16	15 years	12.40	12.41	12.45
17	25 years	12.19	12.20	12.14
18 Preference	†	12.79	12.80	10.83

♦Opening index 2164.2; 9 am 2163.4; 10 am 2166.9; 11 am 2168.4; Noon 2178.2; 1 pm 2181.5; 2 pm 2181.9; 2.30 pm 2190.1; 3 pm 2185.8; 4.10 pm 2179.8; (a) 2.31pm (b) 9.09am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	75	0	11
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	500	167	879
Financial and Properties	297	56	393
Oils	13	40	38
Plantations	1	0	9
Mines	17	50	86
Others	87	33	85
Totals	995	346	1,517

LONDON RECENT ISSUES

EQUITIES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
280	Nil	–	24pm	7pm	Low (Wm)	7pm	-1
20	Nil	–	¼pm	¼pm	Norton Group 12.5p	¼pm	
25	Nil	–	¼pm	¼pm	Strong & Fisher	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ◆ Unlisted securities market. * Third Market. ◆ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Nov. 26
- Last Dealings Dec. 14
- Last Declarations March 7
- For settlement March 18

For rate indications see end of London Share Service

Calls in Aviva Pet., Brent Walker, Lonrho, Next, Oliver Res., Premier Cons. and Trillion. Put in Berisford Intl.

LONDON TRADED OPTIONS

PRESIDENT Saddam Hussein's decision to release all the remaining hostages led to busy dealing in the derivative markets, with futures rallying strongly and active dealing in FT-SE call options.

The futures market began quietly with prices marked higher following the gains in the previous session on Wall Street. December FT-SE then moved in a narrow range until Mr Saddam's announcement, which precipitated widespread speculation about an early end to the Gulf crisis.

But towards the close prices moved off their highs after the US government said the release of the hostages would not reduce its determination to achieve a full Iraqi withdrawal from Kuwait.

The prospect of further gains in the equity market before the year end led to renewed institutional buying. The strength of the December FT-SE contract to the cash index also prompted the larger investors to roll over into March.

December FT-SE closed 27 points higher at 2,210, a premium of 30 points to the cash index. According to brokers' calculations December should trade 16 points above the cash market to take account of future dividend payments and the cost of finance.

In traded options, turnover rose by almost a half to 35,393 and was weighted towards calls. The FT-SE index was particularly active, with turnover rising to 13,483 from the previous session's depressed levels. Turnover was divided between 6,459 calls and 7,024 puts. The January 2,350 calls were the most active.

Among the stock options, Cable & Wireless was the busiest, trading 2,620 contracts, of which 1,104 were calls and 1,416 were puts. The January 390 puts were the most widely traded series.

Glaxo continued to feature, trading 1,761 contracts. Activity was highest in December 800 calls. British Steel was next on the list, trading 1,121, almost all of which were puts.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*485)	420	65	85	88	2	7	10
	460	35	55	59	8	17	22
	500	13	33	38	30	35	37
Trafalgar (*196)	180	18	24	28	8½	14	22
	200	6	14	19	22	27	33
	220	2½	7	–	38	42	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Amstrad (*67)	60	7½	12	14½	1½	4½	6
	70	1	6½	11½	6	9	11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2180)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

V.nr.: 133.369-4

City of Oslo

(Kingdom of Norway)

NOK 250,000,000

10% Bonds due 1996

Union Bank of Norway

NOTICE OF REDEMPTION

To the Holders of The City of Oslo 10% Bonds Due 1996.

Notice is hereby given that pursuant to the provisions set forth in the Terms and Conditions of the above described Bonds, NOK 41.670.000,– principal amount of the Bonds have been drawn for redemption on January 15, 1991.

The numbers of the Bonds so drawn are as follows:

BONDS OF NOK 10.000 EACH

3	4	6	12	17	22	35
40	41	44	46	62	67	69
73	79	82	94	110	118	133
135	144	149	163	167	172	177
185	186	187	191	201	205	214
218	222	233	235	249	255	258
263	280	282	284	294	295	297
311	320	323	324	334	335	339
346	348	358	359	360	362	372
374	378	386	397	400	405	413
425	426	427	432	435	436	437
439	464	478	487	490	494	497
502	504	505	512	517	519	529
533	537	539	540	550	556	569
581	583	591	606	608	613	623
624	631	632	663	664	665	670
671	677	678	679	690	692	695
699	702	711	712	713	727	739
744	747	750	756	761	762	769
775	780	788	797	801	817	831
833	835	838	842	844	846	851
860	862	864	866	867	868	870
876	883	890	894	902	904	905
909	911	915	918	931	942	951
954	965	974	987	989	992	998
1002	1007	1009	1020	1024	1031	1034
1049	1067	1069	1072	1076	1078	1081
1084	1087	1096	1107	1111	1113	1126
1127	1140	1145	1154	1158	1163	1170
1188	1194	1195	1203	1206	1211	1213
1214	1215	1221	1238	1249	1251	1256
1286	1311	1321	1327	1328	1334	1336
1343	1364	1367	1370	1371	1394	1396
1400	1409	1411	1414	1416	1425	1437
1448	1457	1458	1463	1474	1476	1480
1495	1497	1509	1528	1539	1541	1554
1565	1569	1577	1578	1593	1594	1595
1602	1604	1609	1616	1622	1623	1626
1632	1634	1639	1641	1643	1654	1660
1669	1670	1671	1686	1690	1700	1702
1725	1729	1739	1742	1748	1756	1766
1768	1774	1776	1787	1793	1807	1811
1814	1823	1828	1831	1837	1846	1872
1873	1879	1881	1884	1885	1887	1889
1890	1905	1907	1917	1919	1928	1931
1933	1939	1947	1956	1959	1960	1964
1966	1967	1974	1976	1983	1985	1994
2014	2026	2027	2031	2036	2040	2044
2049	2056	2061	2068	2076	2092	2095
2096	2100	2102	2106	2127	2137	2140
2142	2153	2154	2160	2162	2170	2173
2174	2185	2186	2205	2213	2222	2230
2231	2232	2237	2239	2240	2242	2253
2256	2257	2264	2267	2271	2273	2281
2286	2287	2302	2305	2317	2327	2328
2333	2340	2344	2359	2360	2367	2369
2370	2385	2395	2399	2403	2405	2406
2434	2440	2444	2445	2446	2451	2458
2460	2465	2467	2471	2476	2481	2491
2497	2499	2509	2510	2514	2523	2524
2525	2527	2536	2538	2543	2552	2560
2565	2567	2571	2578	2592	2596	2599
2608	2615	2633	2636	2654	2655	2660
2662	2666	2670	2680	2681	2692	2700
2701	2705	2713	2715	2719	2726	2727
2733	2737	2742	2752	2769	2776	2782
2784	2795	2799	2800	2801	2803	2804
2811	2818	2842	2846	2855	2860	2862
2863	2864	2872	2874	2875	2878	2885
2887	2894	2897	2905	2915	2924	2925
2937	2938	2952	2956	2961	2962	2969
2971	2972	2979	2983	2989	2996	3002

3015	3030	3039	3045	3049	3055	3074
3079	3084	3090	3108	3120	3133	3137
3139	3140	3142	3145	3152	3162	3179
3185	3193	3195	3198	3202	3206	3207
3209	3218	3220	3222	3223	3224	3237
3241	3247	3257	3260	3263	3270	3277
3280	3288	3292	3293	3298	3307	3308
3316	3318	3331	3342	3343	3345	3349
3361	3369	3370	3377	3383	3384	3386
3387	3390	3393	3397	3405	3408	3419
3435	3437	3439	3442	3449	3452	3455
3461	3482	3493	3497	3502	3504	3514
3533	3538	3554	3562	3566	3579	3609
3610	3617	3618	3622	3631	3649	3660
3664	3672	3676	3677	3684	3691	3695
3697	3699	3701	3705	3706	3708	3714
3715	3718	3740	3744	3749	3766	3770
3773	3774	3777	3778	3787	3789	3790
3791	3797	3800	3802	3804	3810	3812
3815	3831	3832	3835	3837	3847	3858
3859	3867	3873	3876	3882	3886	3889
3903	3905	3920	3922	3926	3927	3928
3930	3933	3935	3944	3955	3956	3962
3971	3976	3979	3988	3989	3991	3992
3993	4010	4013	4018	4042	4065	4067
4084	4087	4091	4093	4095	4106	4112
4115	4116	4117	4124	4129	4130	4137
4146	4154	4158	4164	4167	4178	4184
4186	4188	4192	4200	4203	4210	4218
4220	4227	4228	4289	4291	4297	4304
4308	4311	4320	4323	4328	4330	4331
4332	4334	4345	4357	4359	4373	4376
4390	4398	4410	4412	4414	4415	4416
4427	4437	4438	4442	4445	4461	4467
4472	4473	4474	4475	4479	4483	4485
4493	4496	4498	4507	4514	4518	4527
4532	4541	4544	4566	4569	4575	4579
4586	4587	4589	4594	4597	4601	4604
4610	4612	4614	4619	4622	4628	4633
4637	4652	4653	4659	4661	4666	4670
4677	4680	4688	4690	4714	4716	4717
4719	4725	4728	4732	4749	4752	4753
4760	4767	4771	4775	4776	4780	4782
4808	4824	4826	4829	4836	4851	4856
4858	4864	4868	4870	4875	4878	4879
4888	4892	4894	4908	4915	4921	4925
4927	4932	4944	4945	4947	4953	4965
4971	4974	4994	5016	5022	5023	5026
5051	5053	5058	5060	5063	5068	5071
5079	5080	5087	5088	5091	5092	5093
5095	5106	5108	5119	5129	5132	5135
5139	5150	5154	5163	5166	5167	5171
5172	5178	5184	5195	5207	5209	5210
5211	5214	5216	5223	5250	5257	5261
5266	5270	5275	5279	5284	5290	5304
5308	5310	5311	5316	5319	5321	5334
5335	5339	5341	5363	5374	5384	5390
5420	5423	5428	5430	5435	5441	5442
5443	5448	5449	5453	5454	5457	5464
5466	5468	5475	5480	5483	5496	5498
5525	5562	5563	5577	5586	5588	5589
5593	5594	5598	5608	5613	5621	5627
5630	5637	5638	5647	5653	5654	5662
5665	5671	5674	5687	5688	5735	5741
5754	5762	5765	5775	5776	5781	5786
5789	5795	5797	5803	5805	5809	5813
5818	5825	5839	5847	5857	5872	5873
5877	5880	5882	5883	5887	5894	5899
5901	5903	5923	5927	5943	5946	5953
5964	5966	5968	5980	5982	5987	5994
5996	6004	6012	6027	6035	6040	6043
6044	6048	6059	6060	6066	6078	6080

6082	6086	6087	6091	6100	6105	6114
6117	6126	6127	6130	6136	6138	6144
6148	6149	6162	6163	6179	6181	6189
6192	6196	6197	6211	6212	6213	6217
6223	6224	6227	6232	6246	6253	6261
6265	6268	6283	6289	6292	6294	6296
6304	6305	6306	6310	6316	6319	6324
6329	6330	6335	6338	6339	6350	6352
6353	6361	6366	6369	6375	6377	6386
6396	6399	6402	6406	6415	6427	6430
6437	6453	6462	6467	6479	6492	6497
6508	6509	6521	6533	6535	6543	6556
6560	6561	6566	6569	6574	6576	6579
6595	6597	6603	6617	6621	6623	6634
6636	6642	6645	6651	6655	6666	6667
6670	6673	6680	6683	6692	6698	6699
6701	6707	6715	6717	6722	6724	6728
6734	6737	6743	6748	6749	6752	6753
6774	6791	6798	6801	6805	6807	6814
6823	6828	6833	6837	6841	6844	6845
6846	6851	6855	6856	6860	6862	6863
6872	6879	6898	6911	6922	6932	6944
6945	6953	6957	6961	6965	6967	6987
6988	6989	6997	6998	7007	7015	7018
7024	7035	7036	7037	7043	7044	7047
7062	7074	7079	7084	7085	7086	7093
7095	7098	7100	7101	7104	7107	7118
7144	7155	7156	7159	7166	7168	7175
7182	7184	7189	7192	7195	7197	7201
7208	7216	7218	7219	7223	7234	7242
7246	7253	7254	7260	7262	7265	7268
7272	7274	7275	7279	7288	7304	7309
7311	7312	7318	7319	7330	7333	7336
7340	7343	7350	7358	7360	7362	7363
7374	7376	7379	7382	7384	7394	7403
7411	7412	7413	7415	7419	7433	7434
7435	7437	7446	7449	7472	7473	7479
7486	7488	7493	7495	7498	7502	7521
7526	7529	7551	7554	7558	7560	7565
7578	7583	7592	7603	7628	7630	7633
7645	7652	7657	7662	7675	7682	7688
7692	7693	7709	7719	7720	7721	7725
7728	7729	7731	7734	7735	7747	7755
7757	7759	7767	7773	7779	7784	7786
7797	7813	7816	7827	7830	7833	7848
7851	7852	7862	7872	7877	7878	7881
7882	7890	7891	7898	7905	7934	7942
7949	7950	7954	7956	7957	7967	7968
7972	7981	7982	7983	7991	7995	8015
8016	8018	8020	8023	8026	8055	8059
8061	8062	8072	8077	8089	8093	8099
8101	8108	8109	8122	8127	8129	8135
8145	8156	8170	8171	8177	8179	8180
8181	8190	8198	8200	8205	8208	8211
8213	8224	8234	8235	8248	8267	8268
8270	8282	8284	8285	8286	8287	8296
8303	8311	8315	8321	8325	8327	8332
8349	8358	8361	8372	8378	8381	8395
8402	8405	8407	8412	8414	8417	8422
8423	8425	8429	8431	8434	8443	8455
8461	8471	8475	8476	8479	8484	8488
8504	8508	8512	8522	8523	8525	8526
8538	8544	8548	8549	8551	8561	8572
8573	8581	8587	8592	8597	8598	8600
8601	8609	8614	8620	8621	8631	8636
8639	8648	8651	8652	8654	8661	8666
8675	8677	8678	8679	8685	8687	8689
8706	8709	8718	8720	8722	8729	8732
8734	8751	8752	8760	8776	8779	8780
8781	8783	8794	8801	8804	8805	8812
8814	8815	8822	8823	8826	8830	8836
8844	8845	8852	8855	8864	8866	8871

8877	8881	8884	8891	8894	8904	8906
8913	8924	8926	8928	8930	8933	8940
8941	8942	8947	8951	8959	8964	8971
8974	8977	8981	8983	8985	8994	9004
9013	9019	9025	9028	9029	9041	9051
9067	9070	9077	9083	9085	9096	9097
9107	9118	9131	9134	9137	9146	9147
9149	9152	9154	9163	9164	9175	9177
9182	9184	9188	9190	9201	9207	9210
9221	9228	9240	9244	9246	9255	9257
9259	9275	9282	9287	9297	9308	9317
9328	9338	9339	9344	9346	9349	9352
9360	9363	9369	9370	9375	9378	9380
9383	9385	9393	9400	9405	9414	9420
9432	9435	9441	9444	9445	9446	9448
9450	9460	9466	9478	9479	9486	9495
9497	9501	9510	9516	9517	9522	9529
9544	9546	9548	9553	9556	9568	9574
9580	9592	9600	9602	9613	9619	9620
9623	9628	9634	9635	9649	9652	9657
9667	9672	9680	9683	9685	9690	9692
9700	9701	9707	9708	9714	9729	9736
9750	9757	9772	9777	9778	9780	9784
9786	9795	9797	9799	9812	9819	9837
9841	9847	9849	9851	9857	9880	9884
9885	9886	9894	9895	9899	9905	9908
9909	9911	9915	9916	9919	9922	9927
9930	9941	9943	9961	9964	9965	9978
9979	9980	9981	9983	9985	9986	9993
9994	9999	10006	10020	10022	10023	10034
10040	10046	10048	10049	10056	10057	10063
10067	10078	10079	10082	10088	10095	10108
10112	10116	10120	10125	10127	10131	10132
10146	10147	10155	10161	10169	10180	10186
10188	10191	10192	10198	10199	10203	10225
10226	10228	10237	10238	10240	10241	10243
10245	10249	10268	10271	10272	10285	10296
10299	10303	10305	10308	10309	10323	10344
10348	10355	10370	10374	10381	10382	10393
10398	10406	10407	10408	10410	10418	10423
10424	10425	10432	10437	10439	10445	10452
10470	10473	10475	10478	10493	10507	10522
10529	10533	10546	10566	10569	10570	10572
10573	10582	10586	10589	10598	10617	10637
10657	10669	10671	10673	10676	10680	10681
10683	10719	10721	10722	10728	10730	10736
10740	10741	10747	10755	10766	10780	10782
10785	10810	10812	10820	10823	10828	10832
10844	10849	10850	10853	10855	10856	10857
10859	10860	10861	10864	10865	10872	10876
10885	10886	10900	10904	10906	10912	10914
10915	10917	10924	10944	10952	10962	10963
10964	10969	10974	10975	10989	10997	11008
11010	11012	11018	11032	11033	11035	11038
11039	11043	11046	11049	11064	11069	11079
11087	11092	11094	11110	11113	11116	11120
11123	11127	11130	11134	11147	11153	11164
11181	11182	11196	11198	11201	11206	11207
11213	11215	11218	11236	11239	11248	11256
11263	11268	11269	11281	11284	11295	11298
11300	11322	11328	11331	11342	11354	11365
11367	11369	11372	11373	11376	11381	11384
11390	11391	11406	11407	11412	11413	11415
11422	11436	11437	11438	11449	11461	11497
11503	11508	11509	11517	11520	11528	11535
11557	11559	11563	11564	11568	11571	11573
11574	11579	11588	11602	11604	11605	11615
11619	11620	11629	11630	11631	11634	11637
11640	11641	11648	11665	11674	11682	11684
11687	11699	11708	11709	11712	11716	11717
11726	11740	11758	11765	11768	11772	11777
11781	11782	11784	11786	11797	11799	11805

11816	11825	11832	11846	11847	11858	11860
11862	11864	11874	11875	11876	11885	11887
11891	11896	11916	11935	11938	11941	11942
11946	11961	11964	11979	11983	11992	11999
12000	12005	12008	12015	12031	12034	12037
12040	12050	12053	12062	12065	12066	12088
12094	12098	12101	12124	12127	12128	12131
12144	12163	12173	12176	12182	12198	12200
12206	12211	12215	12227	12229	12231	12232
12244	12246	12250	12256	12264	12280	12287
12296	12303	12312	12332	12333	12339	12348
12356	12358	12368	12375	12381	12382	12387
12392	12394	12395	12401	12402	12411	12414
12433	12435	12451	12457	12458	12477	12484
12490	12492	12493	12494	12497	12505	12506
12508	12512	12527	12528	12533	12534	12542
12543	12546	12559	12569	12575	12595	12608
12616	12617	12627	12639	12641	12649	12652
12659	12661	12680	12683	12684	12695	12697
12700	12704	12708	12718	12721	12724	12726
12735	12736	12737	12738	12743	12744	12745
12752	12753	12754	12757	12766	12775	12782
12787	12789	12791	12796	12798	12804	12809
12812	12814	12823	12825	12831	12832	12841
12842	12843	12844	12850	12853	12855	12870
12875	12882	12884	12886	12893	12897	12898
12900	12901	12902	12916	12919	12922	12924
12930	12933	12935	12936	12945	12948	12962
12969	12970	12978	12979	12980	12983	12989
12990	13000	13014	13015	13019	13020	13022
13028	13029	13052	13055	13062	13075	13096
13099	13104	13106	13108	13109	13113	13121
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24910	24912	24919	24921	24923	24924	24926
24928	24933	24943	24954	24957	24960	24961
24983	24998					

Bonds referred to above will become due and payable at 100% of their principal amount in Norwegian Kroner at the head office of the Fiscal and Principal Paying Agent, Union Bank of Norway, Kirkegt. 14–18, 0107 Oslo 1, Norway, or, at the option of the Holder, at the specified office of any Paying Agent. Bonds should be presented for redemption together with all Coupons maturing after the date of redemption.

The City of Oslo, 30. november 1990

by: Union Bank of Norway, Fiscal Agent

UK COMPANY NEWS

Decline to £103m less than feared and interim maintained at 2.93p

Tough times knock Pilkington

By Maggie Urry

TOUGHER economic conditions around the world and the strength of sterling hit first-half profits at Pilkington, the glass maker.

The pre-tax balance for the six months to September 30 fell by 30 per cent, from £147m to £103.2m, but that was not as bad as some had feared and the share price rose 3p to 158p.

The group, which mainly makes glass for the construction and automotive industries, is maintaining the interim dividend at 2.93p although earnings per share fell by 39 per cent to 7p.

Sir Antony Pilkington, chairman, said the group could not be immune from recessionary trends and the depth and duration of a recession was uncertain. However, the group's spread, its modern asset base and strong market positions were a continuing strength.

He said the group had never cut its dividend in the past, even though it had been uncovered in the last recession. Mr Andrew Robb, finance director, said he believed the full year dividend would be covered by earnings, although not by as much as the company would like.

Mr Robb said the group would cut back on capital expenditure over the next 18 months, and continue to reduce employee numbers. Redundancies cost about £4.5m in the first half (£4m) and were likely to be as much again in the second. Loss-making businesses might be closed or sold if there was not a good prospect of them making an adequate return.

Trevor Humphries

Sir Antony Pilkington: further cuts planned in capital expenditure and employee numbers

Working capital would be substantially reduced from the current level of £700m, he said. Gearing was likely to be 50 per cent at the year end, compared to 45 per cent at March 31.

Group operating profits fell 26 per cent to £124.9m on turnover 5.5 per cent lower at £1.35bn. UK operating profits were 25 per cent lower at £24.1m and those from overseas operations were down 27 per cent to £97m.

Profits from flat and safety glass, the most important profit contributor, fell 23 per cent to £115.4m. Within that European profits were least affected, falling 6.5 per cent to £70.7m, largely thanks to a good performance in Germany. There Sir Antony was hoping for continued growth as living standards rose in eastern Germany.

In North America profits were down 9.5 per cent to £15.4m, while profits from elsewhere in the world fell 49 per cent to £29.3m. Especially poor performances were seen in Brazil and Argentina, where stringent economic policies hit demand, and in Australasia, suffering from recession.

The other businesses mostly turned in worse figures. Insulation incurred a loss of £1.7m (profit £1.8m), profits from Visioncare fell to £12.2m (£18.8m) mainly because of difficulties in the US contact lens market. Optronics reduced losses to £1.8m (£4.8m) although it suffered from lower defence spending. A loss of £3m (loss £1.1m) was recorded from other trading operations, while licensing income fell 9 per cent to £14.1m (£15.5m).

Investment and related companies income was £10.7m (£18m) and net interest payable came to £32.4m (£39.6m). The tax rate rose to 36.6 per cent (34.3 per cent) and might creep higher in the second half because there were insufficient UK earnings to offset the ACT on the dividend.

See Lex

Resolutions fail for changes at Lancs & London

By David Lascelles, Banking Editor

Anglo-Scandinavian Investment Trust failed to win support for its resolutions to alter the management of Lancashire & London Investment Trust yesterday.

At an extraordinary meeting, its twin resolutions to appoint SG Investment management, a related company, to manage the trust, and to formulate proposals to improve the share price were defeated by 61 per cent to 31 per cent of the vote.

ASIT, which holds about 28 per cent of Lancashire & London, had complained that the trust was being managed for the benefit of the "corporate empire" of the Salomon family. Lancashire & London is linked to several companies associated with the family of the late Sir Walter Salomon, founder of the Rea Brothers merchant bank.

UniChem take-up

UniChem, the pharmaceutical wholesaler which launched a rights issue when it joined the market via an introduction last month, has reported a 61 per cent take up on its two-for-five rights issue.

The 4,400 pharmacists who own the company took up 16.38m of the 26.92m shares in the discounted rights issue.

Brown & Tawse falls 55%

By Andrew Bolger

BROWN & TAWSE Group, the distributor of steel and pipeline products, reported a 55 per cent drop in pre-tax profits to £2.2m in the six months to September 30.

Turnover was £90.82m (£94.87m), which represents a 10 per cent drop in sales volume, when allowance is made for price increases.

Earnings per share fell to 4.8p (10p), but the interim dividend is maintained at 2.85p.

The group said all the markets it served, notably construction and mechanical engineering, were in recession. Successful efforts to maintain market share had led to erosion of margins in the face of severe competition for the reduced business available.

Against this background, the group had cut its workforce by 9 per cent and several branches had been closed or merged.

Capital expenditure had been limited to replacement items and the transport fleet had been significantly reduced.

The group said: "The length and depth of the current recession are impossible to predict, but we are not sanguine about the possibility of any pick-up in the economy in the near-term.

"Accordingly it may be necessary to make further substantial reductions in resources including personnel, working capital and property."

Scapa blames standstill on dollar

By Andrew Bolger

SCAPA GROUP, the Blackburn-based manufacturer of specialist products for the paper and printing industries, is blaming flat profits on the weak dollar and a downturn in its main markets.

Turnover rose by nearly 5 per cent to £141.57m in the six months to September 30, but pre-tax profits dipped slightly from £20.07m to £19.84m. Earnings per share remained at 7.1p; the interim dividend is 1.5p (1.43p).

Mr Bill Goodall, chairman, said the weakening of the dollar exchange rate during the half-year had reduced reported profits by more than £1m.

He added: "The economic ill winds have not yet run their course, nor is the dollar ready to strengthen against the pound, and in spite of some excellent counter-cyclical performances in our businesses, notably the engineered rolls divisions, significant improvement in these circumstances is not expected until the end of 1991."

"Thereafter a growing recovery in our markets, particularly in the US, should bring improving results."

The balance sheet remained strong, with gearing at 38 per cent.

In filtration technology there was a £900,000 drop in trading profits after difficulties with orders in South African and Australian mining.

● COMMENT

A group with 57 per cent of its operating profits coming from North America is bound to be hurt by a weak dollar, so Scapa can scarcely be criticised on that count. However, the group seems to be taking a very rosy view of the likely length and depth of the current recession on both sides of the Atlantic. Scapa's margins have already been squeezed, and will be hit harder if paper mills start to close and sales fall. Forecast full-year profits of £41m put the shares, down 5p at 131p, on a prospective multiple of 8.5. That seems fair enough at present, but could look generous if recession does really bite hard next year. A bounce in the dollar would certainly help; but even assuming that, the share price looks vulnerable.

Property downturn prompts new company

By Richard Gourlay

INVESTORS LED by Arlington Securities, the business parks developer owned by British Aerospace, are set to commit £70m of equity and raise up to £230m more from international institutions for a new company which will invest in UK property starting in 1991.

The company is being launched to take advantage of the downturn in the UK commercial, industrial and retail property market. Financial advisers to the new group stressed they were not forecasting a boom in the market but said they believed that investment opportunities would open up in the next 12 months for companies which could move quickly.

General Electric Investments of the US and Electra Kingsway, a specialist investor in unquoted companies, will each contribute £25m while Arlington will put in £20m. Kleinwort Benson, the merchant bank, is likely to start circulating the prospectus for the £230m placement to institutional investors in the new year.

The company would be the the first significant new property investment vehicle set up to take advantage of yields, now close to historic highs.

The board of the new company is to be chaired by Sir Derek Hornby, the former chairman of Rank Xerox (UK) and chairman of the British Institute of Management. It will include Mr Raymond Mould, the chief executive of Arlington and Mr Michael Stoddart, chairman of Electra. A chief executive has yet to be appointed.

Mr Mould hoped GE, which has been a large investor in Electra funds, would bring a large number of additional US investors to the new company. Arlington and Electra are understood to have been working on setting up a company since the middle of the year.

Tunstall gains 56% to £5.1m

By Richard Gourlay

Tunstall Group, the Yorkshire-based security equipment company, reported a 56 per cent rise to £5.1m in pre-tax profits for the year to September 30 after eliminating losses from the Ademco Distribution subsidiary which it sold a year ago.

Earnings per share rose 61 per cent to 20.3p (12.6p). A recommended final dividend of 3p, makes a total of 5p, 11 per cent up on last year. The shares closed up 10p at 105p yesterday.

The Ademco disposal led to a fall in turnover from £52.1m to £47.4m and to a reduction in gearing from 152.6 per cent to 33.4 per cent after repayment of debts with the £2.2m proceeds of the sale.

Mr Michael Dawson, chairman and holder of 25 per cent of the equity, said the company had performed well in what had been a difficult market in the latter part of the year.

Tiphook more than doubled at £25m as margins steam ahead

By Andrew Hill

TIPHOOK, which bought Sea Containers' dry cargo container fleet earlier this year, more than doubled its pre-tax profits to £25.2m in the first half of 1990-91, against £10.1m in the equivalent period, and said it was well placed to resist any downturn in world trade.

Mr Robert Montague, chairman of the British container and trailer leasing group, said he was particularly pleased with the increase in pre-tax margins, from 13.5 per cent to 19 per cent. "The one thing we wanted to demonstrate was the speed at which we could show an improvement in margins after the acquisition of the Sea Containers business," he said yesterday.

Mr Rodger Braidwood, Tiphook's finance director, said the group would be protected from any downturn in the volume of world trade by the continued growth of containerisation in the global market.

Earnings per share rose 25 per cent to 21.9p (17.5p) and the group declared an increased interim dividend of 3.5p (2.7p).

Gearing on October 31 stood at 260 per cent, slightly lower than at the 1989-90 year-end, but Mr Braidwood said this was less than most other leasing and financing companies and operating profits covered interest nearly twice, against 1.55 times at the last year-end.

Tiphook's share price, which has slipped from a peak of more than 560p in July, was hit last week by a profit warning from its trailer rental competitor, TIP Europe.

But Mr Braidwood said direct comparison between the two companies was unfair, and contrasted TIP's relative dependency on the UK trailer rental market, which accounts for about half its business, with Tiphook's UK exposure of just 10 per cent. Tiphook shares rose 4p to 369p yesterday.

● COMMENT

Tiphook's achievements with the Sea Containers assets are impressive. But although the acquisition expanded Tiphook's client base and improved its margins, it also transformed what was a large niche player into a giant of the container leasing market – the second largest container rental group in the world – at a time when the industry is facing its greatest challenges since the difficulties of the mid-1980s. The big shipping companies which are Tiphook's clients are already squealing, and investors who glance at the group's activities and balance sheet are squeamish about buying the shares. This year some 70 per cent of profit will come from containers, despite Tiphook's efforts to increase trailer rental income from Europe, and it will be a while before a 60:40 split is the norm. The group should bring in about £75m before tax for 1990-91, which leaves the shares on a prospective p/e of less than 6. That looks a measly multiple on the basis of the group's past performance, but is probably about right given the market's wider concerns about the future.

Chairman eases Savage tension

By Andrew Hill

SAVAGE GROUP, the USM-quoted hardware supplier fighting off a boardroom coup attempt, appears to have pacified some of its largest shareholders with yesterday's appointment of Mr Douglas Rogers as chairman.

Mr Rogers, 54, is former chief executive and current non-executive chairman of Newman Tonks, the building materials group.

He said yesterday: "I have talked to some of the institutional shareholders of Savage, and with the board and its advisers, and the people I have spoken to are quite comfortable about my appointment."

But Mr Rogers refused to make clear whether his appointment had the full support of institutional shareholders, some of which originally backed an attempt by Mr Brian Cox, former chairman of Camford Engineering, to install a new board at a shareholders' meeting on December 20.

Shareholders which may have supported Mr Rogers' appointment include Aetna, which withdrew backing for Mr Cox's plan last week, and 3i, which traditionally backs the incumbent board in such struggles. Mr Cox would not comment on his plans yesterday.

Mr Nick Savage, the group's chairman, and Mr David Brown, chief executive, quit the group last week under pressure from fund managers, who have watched the group's share price decline as trading in the DIY market became tougher.

Savage's shares rose 1p to 44p yesterday, against a market price of 30p when Mr Cox announced his intentions at the beginning of last month.

Gulf and UK squeeze tip S&N down 3% to £97m

By Clare Pearson

THE SITUATION in the Gulf and the downturn in UK consumer spending added to existing problems at Smith & Nephew, the healthcare and consumer products group, during the third quarter. Yesterday, it reported a 3 per cent fall in pre-tax profits, from £99.6m to £97.1m, for the 40 weeks to October 6.

In August the group announced static results, and shortly afterwards its withdrawal from the US surgical gloves market, where it had fallen into loss.

Yesterday, it said trading in the second half of the year was turning out to be more difficult than expected. During the third quarter pre-tax profits fell to £32.3m (£35.2m).

Turnover for the nine months was £554.8m (£529.9m). Earnings per share were static at 6.8p.

Mr Eric Kinder, chairman, said he was confident of the underlying long-term growth potential of the group. So far this year S&N had reduced its net cost of borrowings to £3.2m (£6.8m). Net debt at the end of the third quarter stood at £97m, compared with £159m at the end of 1989.

A number of new problems had arisen during the third quarter, Mr Kinder said.

UK retail multiples facing difficult conditions had cut orders for the group's consumer products, which included the Nivea and Dr Whites brand names. But he believed such products had maintained their market shares.

Some £2m worth of export sales had been lost during the second half following the outbreak of hostilities in the Middle East.

Third quarter profits of Ioptex, the intra-ocular lenses business, were lower than expected, though on higher sales.

Meanwhile SoloPak, the US generic drug division, remained in loss. The business had been affected by a scandal involving alleged bribery at the US Food and Drug Administration, which erupted last year just as it was seeking approval for a plant.

Irish opposition seeks break-up of Goodman

By Kieran Cooke in Dublin

The main opposition party in the Irish parliament has called on the government to break up the companies within the Goodman International group and sharply reduce its control on the domestic beef market.

Mr Peter Fitzpatrick, the Examiner to Goodman International, is due to announce within the next few days whether banks owed more than I£500m (£460.2m) have agreed to a rescue plan for the group, which is Europe's biggest beef processor.

Mr John Bruton, head of the opposition Fine Gael party, said there had been suggestions that "the possibility of making excessive profits" was under-pinning the proposed rescue plan.

Mr Bruton said Goodman controlled about 40 per cent of the meat processing capacity in Ireland. Fine Gael has proposed legislation to reduce that to 30 per cent or less. If the move was successful it could have serious consequences for the Goodman group and its profitability.

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GUS ahead 6% despite tough trading conditions

By John Thornhill

GREAT UNIVERSAL Stores, the home shopping, retail, finance and property group, ground out a 6 per cent gain in interim profits in the face of grim trading conditions on the high street.

Mr Richard Pugh, GUS's deputy chairman, reflected the gloom yesterday by saying: "I think that conditions are very tough and will probably be even tougher in the second half. I do not see any marked improvement this side of autumn next year."

In the six months to end-September, however, GUS managed to raise pre-tax profits from £171m to £182.1m, a shade ahead of what most analysts had been expecting. This was in spite of a fall in sales from £1.26bn to £1.18bn.

The interim dividend is lifted by 9 per cent to 12p (11p) which cheered the market into pushing GUS's A shares up 15p to 1130p. Earnings per stock unit grew to 48.2p (44.6p).

The hard times facing retailers were confirmed elsewhere yesterday by a pessimistic Confederation of British Industry distributive trades survey. This showed that high street sales growth had virtually ground to a halt and was standing at its lowest level since the survey began seven years ago.

GUS derives the bulk of its profits from home shopping activities in the UK and continental Europe. About 70 per cent of its sales are now made over the telephone – compared with 10 per cent a decade ago – which has helped reduced the business's cost structure.

In the half year, this division accounted for £50.27m of after-tax profits compared with £46.26m last time.

The group's retailing activities, which include the Burberrys rainwear business and the Scotch House chain, experienced tough trading conditions particularly in the US where its 16 stores suffered as highly-indebted competitors indulged in widespread de-stocking. The group's Canadian activities also performed weakly although GUS has begun to reduce its exposure to this market.

In total, retailing's contribution to post-tax profits fell from £12.77m to £11.1m.

Higher interest rates, more stringent lending policies, and a downturn in the vehicle and housing markets resulted in weaker demand for the group's operations in consumer and corporate finance but after-tax profits still wriggled ahead to £40.12m (£36.18m).

Property rentals and realised property profits produced net income of £17.91m (£16.8m). GUS only has a limited exposure to stores run by Lowndes Queensway, the collapsed home furnishings group, accounting for 20 of its 1,800 properties. The company is trying to broaden its business base across a range of tenants.

The percentage split of post-tax profits by region was: UK 86.8 per cent (84.1); Western Europe 6.3 per cent (6.9); North America 1.6 per cent (3.7); and Far East and Africa 5.3 (5.3).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Boscombe Property, Chloride, Crown Eyeglass, Jones Stroud, LEICA, Smith New Court, UMECO, United Industries.

Finals- Chrysalis, Gaynor, Sanderson Electronics.

FUTURE DATES

Interims-	
Hoskyns Brewery	Dec. 10
Ivory & Sime	Dec. 14
Northamber	Dec. 11
Stanley Leisure	Jan. 17
Finals-	
Gestetner	Dec. 17
Kelsey	Dec. 21
Midlands Radio	Dec. 18
Stakis	Dec. 13

British Steel eyes N American market

By Charles Leadbeater, Industrial Editor

BRITISH STEEL yesterday gave the clearest public indication yet that its long-term strategy will include a significant investment in the North American steel industry.

Mr Martin Llowarch, chief executive, told the Commons select committee on trade and industry that the North American market was particularly attractive because of its size.

He told the committee that British Steel had three long-term priorities: to invest in its UK plants to maintain market share, to establish a leading position in European markets in selected products and to expand into the US.

Mr Llowarch said: "The North American market is very big and we want to see to what extent we can get involved in it."

British Steel executives, led by Sir Robert Scholey, the chairman, were giving evidence to the inquiry into the decisions to close the hot strip rolling mill at the Ravenscraig plant and the nearby Clydesdale tube works. The two closures, which will cause almost 2,000 job losses next year, have provoked considerable controversy in Scotland.

Sir Robert made a robust defence of the financial rationale of the decisions and the way in which the employees were consulted.

British Steel would keep its options open on whether to sell the equipment in the hot strip mill for scrap after the plant closure next year. Sir Robert added that there was no question of the mill being sold to someone who would rebuild it elsewhere within the European Community.

The company will provide the committee with a confidential paper on the gains from the economies of scale it will make by concentrating hot strip rolling at its two plants in South Wales. Specialists who have studied the Ravenscraig works estimate the savings at about £100m a year.

Sir Robert said he had not provided the Scottish trade unions with commercially sensitive information about the economies of the closures because he did not believe they could guarantee confidentiality.

Mr James Cran, a Conservative MP, asked whether concern about leaks lay behind the decision not to give commercially sensitive information to Mr Malcolm Rifkind, the former Scottish Secretary. Sir Robert replied: "It is not for me to comment on leakiness. After two weeks I find it very difficult to trust all sorts of people."

YJ Lovell falls 32% to £19.9m in property markets recession

By Andrew Taylor, Construction Correspondent

YJ LOVELL yesterday became the latest construction company to announce a sharp fall in pre-tax profits reflecting the recession in the UK residential and commercial property markets.

Pre-tax profits during the year to end-September fell by 32 per cent from £29m to £19.9m.

Comparisons with the previous year have been complicated by the group's decision to charge interest on borrowings to finance residential and commercial property developments against profits. Previously interest was capitalised as part of work in progress.

Profits were also reduced by provisions of £6.57m to cover trading losses on Lovell's urban renewal business which has been closed, along with its London housebuilding operations.

There was an extraordinary loss of £11.44m, taken below the line, to cover closure costs and losses from the sale of the Higgs & Hill stake, acquired by Lovell during its abortive takeover bid.

About 500 jobs have been axed from the group during the past 12 months.

In spite of the cuts, the company is recommending a final dividend of 6.75p, the same as at the end of the previous financial year. Total dividends for the year therefore are increased by 2 per cent from 8.75p to 8.95p.

Antony Hichens: confidence in group's long-term future

In order to pay the dividend the company has transferred £2.24m from reserves.

Mr Antony Hichens, Lovell's chairman, said the decision to maintain the final dividend reflected the group's confidence in its long-term future.

Housebuilding profits had fallen from £15.97m to £12.81m while commercial property profits tumbled from £7.74m to £1.85m. Profits from construction activities, however, more than doubled from £5.3m to £11.79m.

Interest charges rose from £7.88m to £13.9m. Net debt of about £87m, including finance leases, was equivalent to 89.6 per cent of shareholders funds of £96m. However, the figures do not take into account £41.7m of off-balance sheet debts.

● COMMENT

Lovell has decided to change its accounting policy in one of the worst years in memory for the construction industry. Next year's results may depends upon how much pain the group has brought forward into the figures announced yesterday. Most forecasters expect UK housebuilding to recover slowly and perhaps not until the second half of next year. Construction profits for Lovell should be worse and commercial property will be fortunate if it can achieve the same level again. On the other hand there should be no more provisions. Lower interest rates will also help financing charges. Pre-tax profits of just over £20m would put the group on a prospective p/e of 5.6. There are much better housing recovery plays than this one but holders of the stock should hang on to take advantage of lower interest rates.

Control Securities dips 10%

By Clare Pearson

PRE-TAX profits of Control Securities, the property and leisure group, fell from £14.82m to £13.3m in the six months to September 30 1990, after an increase in the interest charge from £5.96m to £9.95m.

Profits included £1.2m (nil) from joint ventures. Net of income, interest amounting to £2.94m (£2.56m) was capitalised.

The interim dividend is 0.55p (0.5p).

Earnings per share improved to 3.2p (3p), after a tax charge of £1.84m (£2.8m), calculated at 35 per cent after adjusting for capitalisation of interest and reduced by a release of prior year provisions amounting to £1.75m.

Boosted by acquisitions, pre-interest profits from leisure activities rose to £6.37m (£2.67m). Property operations contributed £16.84m, down from £18m last time.

Mr Nazmu Virani, chairman, said gross rental income increased by 13 per cent to £9.6m (£8.5m).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Anglo United	int	0.2	Mar 28	0.2	-	1.4
Archer (AJ)	fin	5.25	Feb 28	5	8.4	8
Avesco	int	0.5	Apr 8	0.5	-	1.5
Brown & Tawse	int	2.85	Feb 15	2.85	-	9.5
BTP	int	2.95†	Feb 13	2.75	-	7.85
Channel Express§	int	1.2	Jan 17	1	-	2.6
Clarke Hooper §	int	1.7	Apr 8	1.6	-	4.3
CLF Yeoman ♣	int	nil	-	2.5	-	6.65
Control Secs	int	0.55	Apr 8	0.5	-	1.25
Crosby (James)	int	0.75	Apr 8	1.25	-	3.75
Euromoney	fin	12	-	10.5	18.5	16
Gibbon Lyons §	int	2	Feb 13	1.9	-	5.9
GrandMet	fin	12.8	Apr 8	11	20.4	17.75
Greycoat	int	2.3	Jan 25	2.3	-	5.2
GUS	int	12	Mar 27	11	-	34.5
Latham (James)	int	2	Feb 13	4.25	-	11.25
Lovell (YJ)	fin	6.75	Apr 1	6.75	8.95	8.75
Mcdon Martin A	int	2	Jan 11	1.6	-	6.4
Mcdon Martin B	int	1	Jan 11	0.8	-	3.2
Pilkington	int	2.93	Feb 18	2.93	-	10.5
Scapa	int	1.5	Jan 25	1.43	-	5.01
Sec Archives §	int	3	Jan 28	2.5	-	6.5
Tiphook	int	3.5	Jan 31	2.7	-	9.2§§
Tunstall	fin	3	Feb 12	2.75	5	4.5
Wellman	int	0.8†	Jan 11	0.75	-	2.1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Plus special dividend of 3.105p ♣Irish pence.

LEGAL NOTICES

BEAVER BUILDING SYSTEMS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: The Grangemoor Hotel, St Michaels road, Maidstone, Kent ME16 8BS on Monday 17 December 1990 at 10.00 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receiver(s) under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me/us at the address shown above/below no later than noon on 14 December 1990, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me/us any proxy which the creditors intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

N J VOOGHT

Dated 30 November 1990

Joint Administrative Receiver

IN THE MATTER OF RELATED TECHNOLOGY CONSULTANTS LIMITED and in the matter of the Insolvency Act 1986

Registered number 2161882
Former company name Tranerlden Limited
Nature of business Other Services
Trade classification 46
Date of appointment of administrative receiver(s) 27 Novmeber 1990
Name of person appointing the administrative receiver(s) Midland Bank Plc
N.J. Vooght and J.M. Iredale
Joint Administrative Receivers
(office holder no(s) 005339 and 002104) of
N.J. VOOGHT & J.M. IREDALE
CORK GULLY, 9 GREYFRIARS ROAD, READING, BERKSHIRE, RG1 1JG

In the matter of RELATED TECHNOLOGY EQUIPMENT LIMITED and in the matter of the Insolvency Act 1986

Registered number: 2363404
Former company name: Notify the Specialists Limited
Nature of business: Engineering & Allied Industries.
Trade classification: 07
Date of appointment of administrative receiver(s): 27 November 1990
Name of person appointing the administrative receiver(s): Midland Bank Plc
N.J. Vooght & J.M. Iredale/Joint Administrative Receivers
(office holder no(s) 005339 and 002104 of
Cork Gully
9 Greyfriars Road
Reading
Berkshire RG1 1JG

UK COMPANY NEWS

£23m loan costs curb Anglo United

By Andrew Bolger

ANGLO UNITED, the fuel distribution company which last year borrowed heavily to buy the much larger Coalite group for £478m, said yesterday its debt repayments were on schedule.

The announcement accompanied results for the six months to September 30, which showed pre-tax profits diving from £5.97m to £1.12m in spite of a £7.86m surplus on the sale of property.

Turnover increased from £166m to £321m and trading profits from £7.3m to £15.5m. Last year's figures included only two months' contribution from Coalite and contained businesses which had subsequently been sold.

However, interest costs were considerably higher at £23.1m, against £8.5m. Earnings per share fell to 1.3p (4p). The interim dividend is again 0.2p.

Since the acquisition of Coalite in August last year, Anglo United had repaid £195m of bank debt and expected to pay another £70m by next March, reducing the amount outstanding to £190m.

Mr David McErlain, chairman and chief executive, said he expected to raise about £50m from the imminent sales of Chatfields-Martin Walter, the motor distribution company; Pozament, which makes grouts; Furnace Instruments; and a lubricants business.

Mr McErlain said: "In spite of the current business recession, I believe that the end of this financial year will see the disposal programme substantially completed and all of the bridging finance repaid on time. Having come through its transitional phase, the group will be in a strong position to focus all its efforts on the profitable expansion of its core businesses."

The new management had cut about 500 jobs in the enlarged group and moved to cut costs, improve margins and buying and distribution. On a like-for-like basis, overall trading profits for the six-month period were 50 per cent higher, and in the core activities of smokeless fuel manufacture, solid and liquid fuel distribution and chemicals, trading profits had almost doubled.

The Falklands Islands Company had been adversely affected by the collapse in the international wool market and the reduction in fishing activity around the islands.

Mr McErlain believed the group was now in stage of development where it would be right for him to resign as chief executive, and Mr John Gainham had been appointed managing director. Mr Roger Wallace, formerly finance director with Coalite, had taken over Mr Gainham's role as group finance director.

● COMMENT

Anglo United is on course to meet its February debt repayment deadline, and seems to have found plenty of scope to squeeze increased margins from the formerly sleepy Coalite businesses. However, it is still operating in a mature and declining market and could be upset by unexpected factors such as big losses on fluctuating oil stocks. Full-year forecasts of at least £15m pre-tax give earnings per share of 3.8p. The shares closed ¼p higher at 23p, putting them on a prospective multiple of 6. Since earnings could easily climb to 7p next year if all goes well, they could have considerable growth potential. But with interest cover at only 1.2 times, this remains one for the brave.

BTP makes £8.3m and expands in Europe

By Clare Pearson

BTP, the specialist chemical and industrial group, yesterday announced interim pre-tax profits of £8.32m and said it was expanding further into continental Europe with the purchase of a French safety equipment company for £1.8m.

The pre-tax total fell from £9.61m in 1989, but the previous year's figure was distorted by the inclusion of a £3.1m exceptional profit on a business disposal.

The interim dividend is increased to 2.95p (2.75p). Adjusted earnings per share rose to 7.39p (6.52p).

In June, the company raised £22m via a one-for-four rights issue to fund the £15.5m purchase of Cerestar, a west German-based adhesives business, from Ferruzzi, the Italian group.

BTP said Protecta, the French company now being purchased, would extend the manufacturing and marketing facilities of its Fall Arrest safety systems business which now has a number of operating companies around the world.

On the results, Mr Frank Buckley, chairman, said they reflected "the sustained performance of the group against a background of uncertainty within the industries we serve."

He added that the start to the second half had been "satisfactory within the difficult economic conditions now prevailing".

Mr Rob Martin, finance director, said acquisitions provided about half the profits increase. There was a three-month contribution from Cerestar and six months from ALC, a US supplier of flame retardant coatings.

Since the half-year end, BTP's chemicals division has acquired a polymer coatings and adhesives business and plant, while a Fall Arrest business in Sweden has been acquired by the industrial division.

Frank Buckley : satisfactory start to second half

Turnover was £73.1m (£60.12m). Mr Martin said this split up as £35m for chemicals, £16m for biocides – the preservatives division – and £22m for industrials. Operating profits were £8.83m (£7.1m)

● COMMENT

A company that can deliver 13 per cent earnings per share growth even after making a one-for-four rights issue must be doing something right in the current climate, and BTP certainly looks in pretty good shape. Words like "specialist", "niche", "defensive" can sound pretty tired, but they do seem to apply to this company's assembly of activities which include making ingredients for clarifying beer, coatings for fax paper and preservatives for various uses and which are nicely spread around the world. Pre-tax profits should reach £18m this year. At current levels, the shares are yielding a very comfortable 6.7 per cent and stand on a prospective p/e of just under 11, which is not overly demanding: worth bearing in mind.

NEWS DIGEST

Avesco falls £2m but interim held

JUSTIFYING the warning given in September, Avesco reported interim pre-tax profits of only £302,000, compared with £2.33m in 1988-89.

Turnover of the group, a supplier of equipment to the television and video industries, fell from £14.45m to £9.46m in the six months to September 30. Earnings fell to 0.5p (4.8p) and are absorbed by the maintained 0.5p interim dividend.

Mr Richard Murray, chairman, said the results were hit by increased investment in product development at AVS and VideoLogic, difficult trading in the UK and US, the impact of the strong pound, and a reduction of £6m in turnover following the loss of the Barco and MicroTouch distributorships and of Spaceward's main product.

Gearing was 15 per cent and very tight control over cash was being maintained.

Gibbon Lyons hit by reorganisation costs

Reorganisation costs of £174,000 pegged pre-tax profits of Gibbon Lyons Group, a maker of printed inks, to £729,000 for the six months to September 30, against £702,000.

Turnover at the USM-quoted company was £11.92m (£10.99m). Earnings per share dropped from 6.1p to 5.7p fully diluted. The interim dividend is raised to 2p (1.9p).

Channel Express rises 29% to £1.02m

Channel Express, the flower distribution company, yesterday announced interim pre-tax profits 29 per cent higher at £1.02m and an acquisition.

The increase from £793,000 was achieved on turnover up from £8.76m to £14.95m, a rise of 71 per cent. The USM-quoted company is raising its dividend to 1.2p (1p).

Channel is spending £100,000, of which £20,000 will be satisfied by the issue of shares, in purchasing Avionics Mobile Southern, a supplier of aviation instruments.

The pre-tax figure was struck after the £67,000 share of losses of Ferryspeed, its related company, compared with profits of £23,000.

J Crosby declines and cuts dividend

In "its most difficult trading period for many years", pre-tax profits at James Crosby, the housebuilder, fell from £2.25m to £815,000 in the six months to September 30. The decline was exacerbated by a rise in the exceptional provision against land stocks to £355,000 (£178,000) and higher interest and similar charges of £677,000 (£498,000). Turnover increased to £10.17m (£8.64m).

The interim dividend is reduced to 0.75p (1.25p). Earnings were down at 4.9p (13.4p).

Murray Enterprise nav down 32%

Murray Enterprise, an investment company, reported net asset value down 32 per cent from 98.7p per share fully diluted at September 30 1989 to 67.5p 12 months later.

Total revenue from dividends and interests fell nearly 50 per cent to £520,476 (£999,305). There was a net deficit of £11,206 (profits of £305,043 over 14 month period).

Loss per share was 0.18p (earnings of 1.11p).

Security Archives rises 32% to £3.2m

For the six months to September 30, Security Archives, USM-quoted secure storage group, saw turnover rise 35 per cent to £3.2m (£2.37m), while operating profits rose 38 per cent to £842,000 (£611,000).

Higher interest costs held back pre-tax profits to £575,000 (£437,000).

Earnings per share came to 6.7p (5.7p) after a doubled tax charge and the interim dividend is 3p (2.5p).

Interest rates leave Latham at £0.22m

The strong pound, high interest rates and abnormally high bad debts were all blamed by James Latham, the timber merchant, for a collapse in interim pre-tax profits from £1.58m to £222,000.

Nevill Long, bought for £4.2m this April, had failed to cover the interest costs of the acquisition and the fall in housebuilding in the south of England had led to a loss in the company's timber centres.

In the six months to end-September, turnover was £36.55m (£31.85m).

Earnings per share came out at 2.07p (19.96p) and the interim dividend is cut to 2p, against 4.25p.

UK COMPANY NEWS

Fighting the spectre behind the bond issue

Maggie Urry charts the last few months for George Walker as he struggles to keep his company afloat

THE TALE of Brent Walker might come to typify the sudden change in the UK corporate climate between the 1980s and the 1990s.

The same story could have been told of many of the fast growing companies, often headed by a "personality", bred in the hothouse atmosphere of buoyant economic growth and easy money and which have withered as the climate has chilled.

Brent Walker, which runs pubs, betting shops, casinos, marinas, hotels and golf courses, has spent the last couple of months negotiating a refinancing package necessary to ensure the group's survival.

Last weekend, at the end of one last late night session, the group finally tied up a bond issue which formed the final part of the solution to its immediate cash problems.

However, this is only the beginning of the end of Brent Walker's financial difficulties. A complete restructuring of its debt is to be discussed over the next three months.

With hindsight, it is all too easy to see where the company went wrong.

Like many other companies, it could argue that it was the victim of circumstances – that it suffered from a combination of high interest rates, falling property values, and the sudden stiffening of banks' lending policies.

Mr John Hemingway, a non-executive director, believes that Brent Walker's problems can be put down to one thing: "The market ran against us over the past year."

But the company cannot escape blame.

Had it not done its last, and most ambitious deal; had it sold assets before the property market turned so suddenly sour; had it not borrowed too much from the ever-willing bank lenders, it might have avoided having to go to its banks to work out a rescue plan. While Mr Hemingway thinks that the group was never close to going into administration, this was clearly an outcome its bankers *regarded as possible.*

Brent Walker was not alone. The late 1980s was a time when deals were there to be done, and banks were ready to lend almost indiscriminately.

The "deal too far" has been a recurring theme in the stories of corporate downfall this year.

Brent Walker's story cannot be separated from that of Mr George Walker, its chairman and chief executive. He is the driving force behind the business, as well as being a large shareholder in it. Mr Walker, according to someone close to him, has "the sort of mind which can suppress bad news".

But his personality has also probably saved the company. Much has been made of his earlier life as a heavyweight boxer. He certainly shows all the determination of a fighter who will never throw in the towel. Bankers say that it was he who drove the refinancing through many tough negotiating sessions, and in the process he has put most of his and his family's money into the company. "We did a phenomenal amount of work," says one banker, "but it was George Walker that did the real battling."

His company's history goes back to a restaurant and leisure business he set up with his brother Billy, a more successful boxer than George. That merged with Hackney & Hendon Greyhounds in 1974 *and the name changed to Brent* Walker. Mr Walker took that group private in 1982 at a price of £3.3m.

Two years later Brent Walker began its second career as a public company, with a market capitalisation of £33.7m and forecast 1985 pre-tax profits of £3.5m.

By mid-1987 the group was valued by the market at £255m, but that proved to be its peak.

When the 1980s ended, the stock market had already begun to have doubts about the company. Its value had fallen to £180m, although its 1989 pre-tax profits were £82.2m. And it had just completed its most ambitious deal, the purchase of the William *Hill* betting shop chain for £685m.

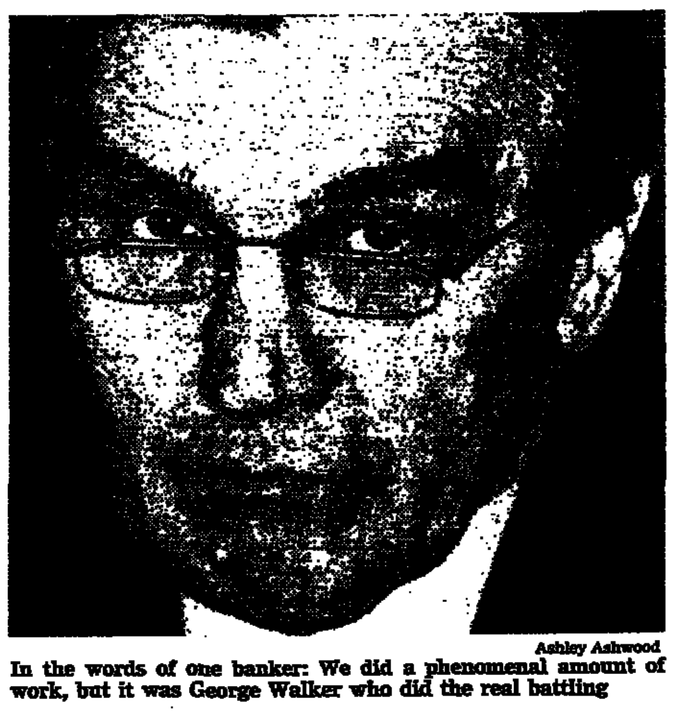
Brent Walker was built on deals, and the deals were done by Mr Walker himself. He was the genius buyer and seller, who could spot an asset's real worth, and haggle to win a good price.

After the William Hill deal Mr Walker knew he had to sell assets to cut the group's debt. That totalled £787.6m in the December 31 balance sheet and did not take into account the £348.4m debt of William Hill Group, the off-balance sheet company Brent Walker used to buy William Hill. But it was just at the time when the sellers' market turned into a buyers' market. Mr Walker could *not bear to sell at a price* which he considered too low.

But in March, "we identified the requirement to refinance some short-term money, facilities due to be repaid in the autumn," says Mr Hemingway. The plan was to raise a £150m medium-term loan to repay the debt, and the group started talking to some Japanese banks which seemed ready to lend with the money to be drawn on August 1.

"We were led to believe the money would be forthcoming," maintains Mr Hemingway. And Mr Walker, optimistic as ever, did not see any need to arrange a back-up to that loan.

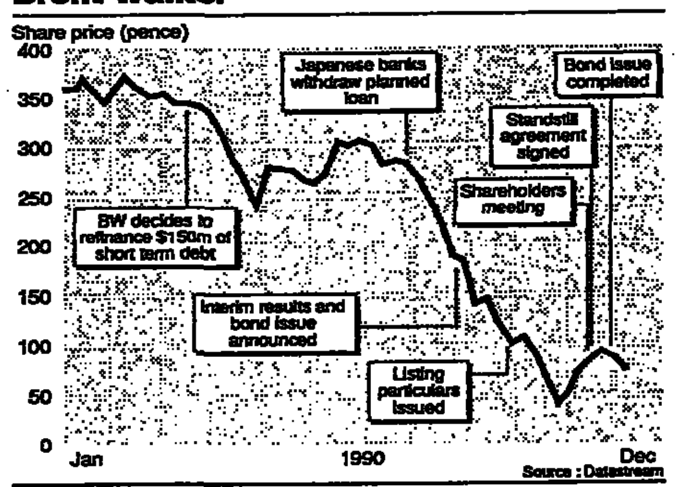
However it coincided with the time that the Japanese banks began to rein in their lending, concerned about their weakening capital ratios. Only a week before Brent Walker expected to get the money it heard that the funds would not be coming.



Ashley Ashwood

In the words of one banker: We did a phenomenal amount of work, but it was George Walker who did the real battling

Brent Walker



Source : Datastream

This was when Brent Walker's problems became serious.

One adviser says that Mr Walker's immediate reaction was to consider taking the company private once more, but it would have been hard to finance a buy-out. While the group was rich in assets, it was also heavily burdened by liabilities. And as asset values declined, the pendulum was swinging against the company.

What was needed was an injection of equity. But with the share price already low, a rights issue would have meant giving away equity too cheaply. Instead the group started work on a convertible bond issue in August.

On September 27, Brent Walker announced its interim profits, showing a 52 per cent rise. Superficially the group looked to be in good shape, and Mr Walker seemed confident that the business was recession-proof.

But, strangely, the dividend was not increased, a first hint of the cash constraints the company was working under. Also the interim balance sheet showed that debt had risen to £1.15bn, including its share of the William Hill debt, despite the £210m sale of the group's wines and spirits business in the first half.

That day the plan for the bond issue was also revealed, although by then the £103.3m issue had been largely placed with investors which the company itself had found. It decided not to have the issue underwritten except by the placees, once again an over-optimistic decision which turned out to be expensive later.

It was only a couple of days before this that Hill Samuel, the merchant bank, had been appointed to handle an open offer of the bonds to shareholders. Over the next few weeks Hill Samuel and Smith New Court, Brent Walker's brokers, were to struggle day and night to produce the listing particulars for the bond – the document required by the Stock Exchange before a new security can be listed.

There are strict rules about the information which must be included in such documents and it began to dawn on the stock market, as the group missed deadline after deadline for the issue of the document, that the company was having *difficulty meeting* those requirements. The share price kept slipping.

As the corporate finance experts worked on the document, they discovered that producing the required working capital statement was a problem. This statement, signed by the directors, is designed to assure investors in such an issue that the company can afford to pay the interest and eventually repay the capital.

Mr Hemingway says that about mid-October the company realised it was close to breaching the loan covenants agreed with its banks. Bankers were beginning to realise that the group had serious cashflow problems.

"We began to run into things, a lot of small things," says one. They found for instance that in June the group had raised £27.4m by doing sale and leaseback deals on 99 of its pubs.

In mid-October Brent Walker signed a contract over a site at Elstree, Hertfordshire, which was being sold for £19.5m to Tesco to build a superstore, but was subject to planning permission. This deal allowed Brent Walker to sell the site to another company for £10m and buy it back, up to five months later at £12m, a sign of the company's desperation for immediate cash.

A few days before the listing particulars were to be published, "it became clear *that* a rescue was necessary, and the company began to accept advice that this was the case," says a banker. Tension mounted and the share price fell alarmingly, dropping to 19p on the morning of October 26.

The Bank of England was drawn into the argument, finding it necessary to give a push to some recalcitrant bankers.

When the document eventually appeared on October 29, the last possible moment if the Stock Exchange timetable was to be met, the working capital statement could only say: "The issuer will have sufficient working capital for its purposes if a satisfactory variation to the existing banking arrangements for the Group . . . is agreed with the Group's bankers." This showed outsiders that a full-scale refinancing of the group's debt was underway.

The listing particulars also revealed the group's desperate need for cash. A deal to raise an emergency £40m by pledging some of the group's pubs was tied up only hours before the particulars were finalised.

And it showed that the debt mountain had climbed again – to £1.4bn when guarantees and contingent liabilities were included. Even this figure was to prove an underestimate.

Although the listing particulars said that there was agreement in principle among the group's bankers, the banks – nearly 60 in total – had barely two weeks to hammer out a deal if it was to be ready in time for the shareholders' meeting set for November 15, the latest possible day if the bond issue was to beat the Stock Exchange's deadline to get a listing.

There followed a fortnight of late night negotiating sessions. Throughout this period, apparently, two of the banks had barristers on permanent standby, ready to go to the High Court with a winding-up petition at a moment's notice.

One banker involved says that he did not get to bed before 5am any night and some nights did not bother at all. One lawyer working on the deal claims a record stretch of 86 hours without sleep.

On the Saturday before the shareholders' meeting was due, all the group's banks met to agree a plan. They had come to realise that the proceeds of the bond issue, which Mr Walker had originally told them would be used to repay some existing debt, were going to have to stay in the company.

Worse, the group needed another £50m. This was because Grand Metropolitan, the vendor of William Hill, had started High Court proceedings against Brent Walker for the final instalment of the purchase price which had been due in September. Brent Walker had not paid, claiming that it was due £160m back from GrandMet.

However, the meeting ended with agreement for a stand-still on capital repayments until the end of 1991, in return for a rise in the interest charges the group would pay on its debt and security on the loans.

Brent Walker also had to promise £50m of asset disposals *and the bond issue had to raise* at least £99m. Since Brent Walker's 1991 interest charge was expected to reach £150m, these two latter elements were vital to the deal.

In the event, it was not possible to get the stand-still agreement signed before the shareholders meeting. So shareholders had to vote "blind", without the details of the agreement.

Bankers had been confident that the issue would be approved, if only because it was clear that a failure to complete the bond issue would put the company's future in doubt. It was duly passed despite the fact that the issue would be highly dilutive to ordinary shareholders. By this point it was clear that the bonds themselves would be a poor investment, in the short term at least, for any shareholder who exercised the right to claw back the bonds.

Late that night – or rather early the next morning – the stand-still agreement was finally signed.

At that point the banks thought everything was fine, although it was agreed that the stand-still was just a temporary measure.

There was still the condition that a minimum £99m had to be raised through the bond issue to avoid "an event of default". "We had no qualms it would go through," says one banker. He and some colleagues went to the Ritz Hotel *to drink* a celebratory glass or two of champagne. But he was wrong, a series of crises followed.

There was no hint of any problem until the following Monday, November 19. By then Birdcage Walk, Mr Walker's family company, was due to have subscribed £17.3m to the bond issue relating to the shares it held in the company. But that money did not arrive in time.

Mr Walker was confident that he would be able to put up the money, plus a further £10m he was putting into the issue, by the final closing date for the bond. Indeed, he was reluctant even to announce that the £17.3m had not arrived and only hours of debate eventually led to a press release being issued.

The closing date for the bond had been set for November 23, a Friday, but it was extended to the following Tuesday November 27. The placees of the bond issue were informed that they should send their money by 3pm that day.

On Tuesday the leading players in the drama gathered at Hill Samuel's offices, expecting to have tied up the deal by 3pm. But two of the placees, Tunis International Bank and Citimet, a Bahamas-based company, which had each pledged £10m, failed to send the money.

Mr Hemingway says that the money from these two placees had been committed in September, but each had suffered significant changes in circumstances since.

Mr Ebrahim Al Ebrahim, Tunis International Bank's chairman, had personally arranged a small group to subscribe the £10m. But it is thought that some of these had been caught up by the troubles in the Gulf.

Citimet, says Mr Hemingway, is a consortium of offshore funds, some of which had suffered losses on Wall Street.

Had the issue been underwritten, the failure of these two placees to pay up would not have posed a problem. But as a result new investors had to be found and fast, and that *was difficult at this late stage.*

As Mr Hemingway put it: "Why *should someone* buy a bond in November on terms set in September?" The bonds were convertible at 140p and by now the share price was down to about 90p.

That Tuesday afternoon the lawyers quickly found a way to extend the deadline yet again to midnight on Friday, November 30, giving the company three days in which to find enough money to take the bond issue over £100m, a minimum set by one of the placees. "It was three days of panic," says one who lived through it.

Tunis International Bank and Citimet each came up with part of their investment. Mr Walker himself put in another £2.2m. But in order to raise the rest of the money, Mr Walker offered investors the right to sell bonds back to him at their par issue price. This offer covered £10.4m of the bonds, of which £5.4m were bought by some of the banks, and the rest by a mystery investor, believed to be Lonrho, the international trading company.

It was not until 11.30pm – just half an hour before the final deadline – that the bond issue was completed.

It is impossible to say whether, had the midnight deadline been missed, the group's bankers would have continued with their support. By signing the stand-still agreement, the banks were accepting in principle that the group should be saved.

In a forced sale, the assets might have fetched only half the value of the group's debts. And unlike some companies which have foundered in the 1990s, Brent Walker's main business is largely recession-proof. People continue to spend money in pubs or betting shops even in a harder economic climate. It is the property disposal profits in Brent Walker's figures that are under pressure.

However, this was by no means the end of Brent Walker's problems.

The stand-still agreement was merely a stop-gap measure, and some bankers regard the most important part of the deal as a commitment to restructuring the group's liabilities completely, the better to match its long-term cash-flow pattern.

In order to do that, Touche Ross, the auditor, has started work with the company on a corporate plan so that a new package of loans can be set up. The new deal may require further asset sales. Essentially, Brent Walker must get back into a position where its operating businesses can service its interest payments and begin capital repayments. This is likely to require substantial changes in its structure.

A deadline of mid-February has been set on this refinancing. And by then, say bankers, Brent Walker must have fulfilled another commitment it made by bringing in a new non-executive chairman as well as a new finance director. The selection of a finance director was already underway even before Mr Wilfred Aquilina resigned yesterday from the post.

However, this already seems to be a bone of contention between the two sides. Mr Hemingway says that it would be difficult for a new director to come in and become chairman straightaway. Further, he says, everyone agrees, "George Walker is the best person to run this company." With his family holding 27.1 per cent of the diluted stock in the group, it is hard for anyone to argue with him.

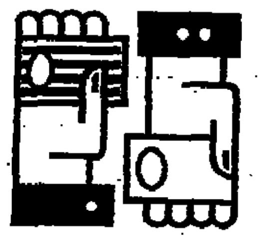
Shopkeepers in the US are preparing for another cold Christmas: Page 2

FINANCIAL TIMES SURVEY

RETAILING

Friday December 7 1990

Some UK retailers want a relaxation of Sunday trading laws: Page 3



After the rapid market expansion of the late 1980s, high interest rates and rising costs mean Christmas this year will be a gloomy one for many retailers. As **John Thornhill** writes, increasing professionalism will be required to attract and retain customers

Grim season greets sellers

THE LAMPS are going on all over Europe as the continent prepares for Christmas.

Many retailers will be eagerly looking forward to what is traditionally their busiest trading period. But for others, particularly in the UK, it will prove a grim season. As trading on the high street has slowed under the onslaught of high interest rates and steadily rising costs, declining profits have squeezed UK retailers leaving several of them dry.

A string of disappointing results and corporate collapses has resulted. Some of these well-known casualties fell victim to their own ambition. Sock Shop expanded too fast and was forced to call in the administrators in February. Others, such as Lowndes Queensway, the furniture and carpets company, saddled themselves with unrealistic levels of debt which proved too heavy when times turned tough.

There follows a list of walking wounded such as Magnet, MFI and any number of US retailers which are now suffering from heavily-leveraged buy-outs. Many of these LBOs limp along squeezing the cash out of their businesses and hoping for trading to pick up. Some will survive the course; others surely will not.

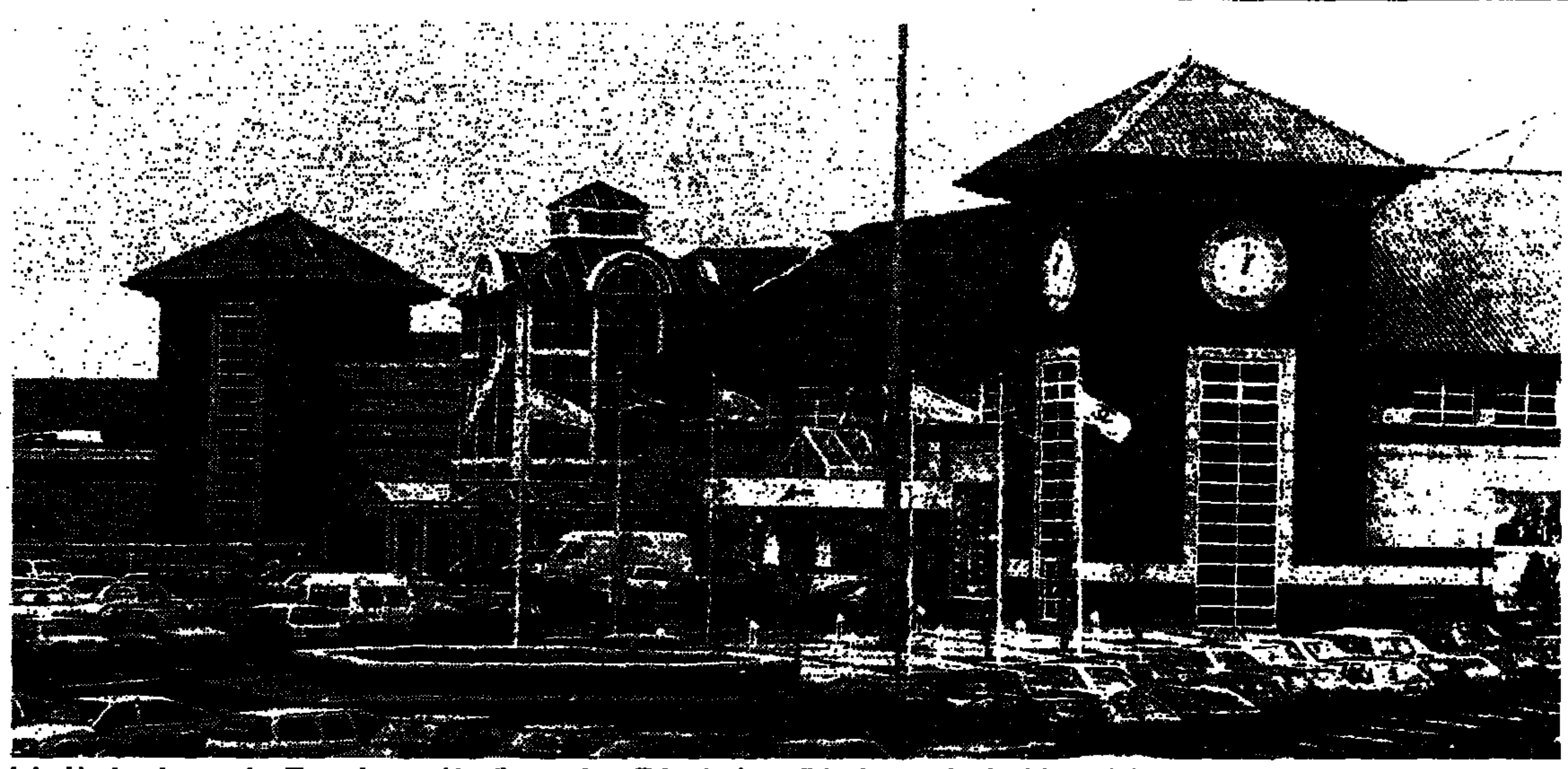
Even some well established high street names such as Burton Group and Sears have found the going extremely tough and are facing tumbling profits as cost increases spiral ahead of sales.

The signs of distress are everywhere. No wonder perhaps that many retailers are desperately calling for a reduction in interest rates.

But some followers of the retailing sector argue that this visible malaise brought about by the recession and high interest rates only disguises more fundamental changes in the industry.

They see the steady market growth and hectic corporate expansion of the late 1980s as a period of aberration and today's straitened trading conditions as those that will become the norm.

Mr Geoff Mulcahy, chairman and chief executive of Kingfisher, the retail conglomerate built up out of the Woolworths chain, put the matter bluntly in his company's 1990 annual report: "Last year's more difficult trading climate was more than a temporary cyclical downturn. I believe it foreshadows even tougher conditions to come and that we are seeing the onset of fundamental changes in the requirements and spending patterns of our customers."



Lakeside shopping complex, Thurrock: a good location may be sufficient to shrug off the depressed state of the market

He continued: "The challenge for retailers is to provide the extra value customers are demanding for their money, against a backdrop of significantly increased cost pressure of our own."

The cost pressures that are now eating away at retailers' margins are indeed considerable. Rents, which are normally based on a five year review, still reflect the demand levels of the late 1980s. And high rents have affected an increasing proportion of retailers since many of them indulged in sale and leaseback deals during the 1980s.

Rates, too, have risen substantially as a result of the Uniform Business Rate, which is expected to increase the average multiple retailer's rates bill by around 15 per cent a year over the next five years.

Wages, the other significant element in the costs equation, have climbed sharply in recent years as unemployment has fallen and inflation has escalated. As retailers fight to win their share of the labour market, annual pay awards have climbed ever higher.

But just as UK retailers try to grapple with these troubled trading conditions another set of difficulties looms on the horizon. Environmental concerns and food scares have come to the forefront of the industry as never before. Changing demographics is confusing the trading assumptions of many sectors and there is a growing fear of competition from overseas.

Moreover, the emergence of the single European market is beginning to become a reality and some of the leaders of the industry have been issuing dark warnings about "continental invaders" who seemingly play by different rules and who are prepared to sustain losses in order to build their market share.

The storm of controversy that has attended the arrival of Aldi, the German discount grocery chain, producing rumblings of price wars, is just one example of the way in which the sector may be shaken up by new entrants in the coming years.

Other continental discount retailers are said to be keen to follow, envious of the 5 to 6 per cent net margins that the most successful food retailers have achieved in the UK.

American companies, such as the Gap and The Limited, are also making their presence felt on the UK high street. The Japanese, too, have been entering the market through the acquisition of Aquascutum and trading link-ups with Laura Ashley and Body Shop.

The high street, it seems, is set to take on an increasingly international aspect in the 1990s, especially if overseas investors identify takeover targets among the UK's vulnerable publicly-traded companies.

Although the market has undoubtedly become tougher, some of the best operators in it have become equally tough. The most successful UK retailers rank with the best in the world.

A recent survey in Super Marketing magazine, for example, ranked J Sainsbury the top grocer in the world in terms of sales per square metre, with Waitrose, owned by the John Lewis Partnership, third and Tesco 13th.

The food retailing sector has generally proved to be one of the most resilient retailing sectors in the UK and provides a startling contrast with much of the non-food sector. As profits have tumbled all around, most big grocers have recently recorded buoyant trading results.

Undoubtedly their continued strength has had much to do with the fact that food is an essential part of the family budget while a new carpet or a compact disc player is not. But there is also a growing recognition of the skills that have been displayed by food retailers as good shopkeepers.

Quick to pounce on the virtues of out-of-town locations where more efficient superstores could be built which would be sufficiently flexible to take on board the benefits of computer technology and distribution systems, and ever-conscious of the needs of their customers, the best of the grocery chains have proved to be remarkably successful businesses.

Some of the best in the non-food sector have also learnt these lessons. In particular, a few of the long-established retailing empires, which appeared to some to be rather like lumbering dinosaurs foundering in a new age in the 1980s have come back into their own.

Such old and unglamorous high street names as Marks and Spencer and the John Lewis Partnership are now reaping the benefits of the heavy investments that they made in new technology and training and they are joined by a much newer breed of professionally-managed chains such as Argos, Kingfisher and Ratners Group.

What these retailers all have in common is the desire to maximise the productivity of their existing assets and not simply chase more sales by adding new shops, like the so-called "space bandits" of the previous decade.

The days when anyone could seemingly make money on the high street provided they found a desirable location are gone.

Instead, retailers will be forced to become better managers of the assets and people that they have. They will also have to become more sophisticated in their analysis and definition of their markets and increasingly skilled in attracting and retaining their customers.

All this suggests that the high street will become a more professionally managed sector where graft counts more than glamour and where the basics of business become paramount.

IN THIS SURVEY

Eastern Europe is daunting but worthwhile

A challenging market

ANY VISITOR to eastern Europe can immediately see the enormous potential for the development of retailing in the region. The shoddy shops, the low-quality goods, the poor packaging and marketing and the disorganised distribution networks all scream out for investment and development.

The statistics confirm the impression. A comparatively low concentration of retailing space – about one quarter of the equivalent in western countries – a potential market of 425m people and consumer demand which currently outstrips product supply are all factors to entice the outside investor.

But although the need for development is clear the means of achieving it are not. There remains a formidable array of obstacles to deter potential entrants to the market.

First, and perhaps most important, ranks a completely different mentality. The basic concepts of pricing, marketing and service are little understood and have to be learnt afresh.

An underdeveloped infrastructure also complicates the conduct of business. Poor telephone lines hamper effective communication and unpredictable transport links prevent efficient distribution of the goods.

Seemingly arbitrary legislation, financial impediments and doubts about the political stability of some of the countries in the region add further dimensions of uncertainty to the market.

Many UK companies, especially public ones, take the view that the pay-back of investing in the region at present would be too long and risky and could not be justified to their shareholders.

Wait a few years, they argue, before the infrastructure develops and the basics of a real market economy and a stable democratic order are in place.

But other companies take a longer-term view and are already plunging into the region. In particular, several continental European companies – a lot of them privately-owned – with longer time horizons and the advantage of geographical proximity are entering these markets in order to establish a presence there.

Ikea, the Swedish furniture company, and Asko, the German retailer, are currently making substantial investments in eastern European markets on a long term basis.

Although the need for development is clear the means of achieving it are not

But the degree of commitment can be daunting. McDonald's, the US fast food chain, took 14 years to negotiate its way into the Soviet market and has had to set up a totally integrated food supply, processing and distribution system.

It has also had to introduce an intensive training programme putting four Soviet managers through its 10-month course at Hamburger University in Chicago and sending 25 assistant managers to Toronto for three months.

But the struggle is worth it according to Mr David Jeary, a consultant at Price Waterhouse, which has prepared a report on the retailing sector in eastern Europe for the European Commission.

The study suggests that there are great opportunities for Western retailers but only over a long time scale.

But Mr Jeary warns that those companies who do not investigate the possibilities soon may be in danger of losing out to the competition.

"Many companies are adopting a wait-and-see approach but if they wait too long then others will get in and steal the best parts of the market and get their brand names known ahead of them," he says.

One organisation which is perhaps particularly well-suited to understanding the problems of the region and to adopting a longer-term perspective is the co-operative movement.

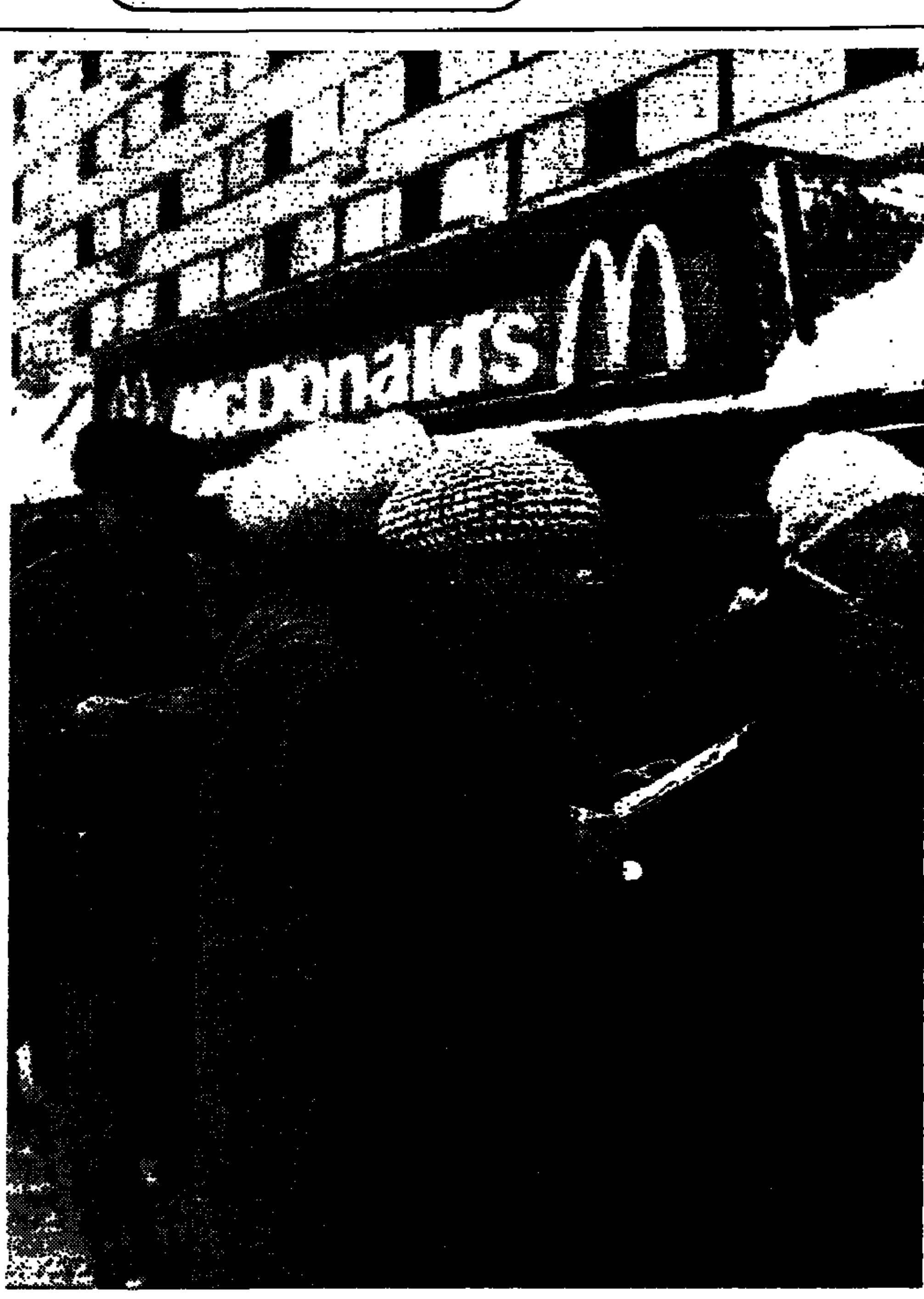
Sir Dennis Landau, the chief executive of the Co-operative Wholesale Society and chairman of Inter Co-op, the international co-operative organisation, says the movement could have a big role to play in helping the eastern European countries help themselves.

"The first thing we have to do is to give a certain amount of moral support and explain that co-operatives can exist and prosper within a market economy," he says.

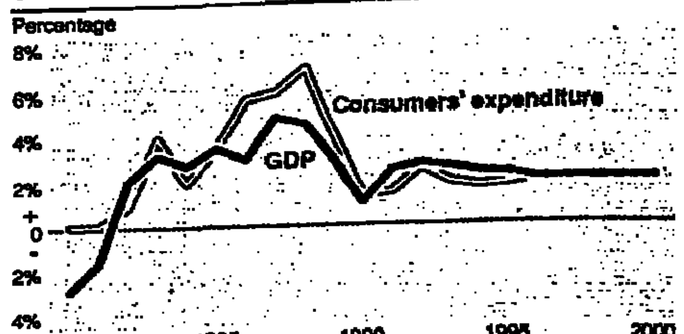
Inter Co-op has opened an office in Budapest to foster closer links between the movements in eastern and western Europe. It is also offering shared expertise in retailing, warehousing, distribution and logistics and is including the eastern European co-op societies in its joint buying activities.

But the co-operative movement also has to tackle the sensitive political issue of the stigma that lingers from the communist era when the societies were invariably run by Party placemen. "Everyone is saying 'Hurray! Hurray! Communism has collapsed' without having any conception of the history of the last 40 years," Sir Dennis says.

John Thornhill



Moscow: McDonald's took 14 years to negotiate its way into the Soviet market



LEVERAGED BUY-OUTS

Recent failures deter backers

NO AREA of industry seems to have seen as many leveraged buy-outs in the late 1980s fashion for that type of takeover as the retail sector. Backers were only too happy to lend money to names they knew from the high streets, and were sure they would receive interest on their loans and a good return on any equity they put up.

Yet many of these buy-outs – which involve high levels of debt secured on the company's assets – have gone horribly wrong, not only in the UK but also the US, as retailing itself has come under pressure. Now bankers are cautious about the whole retail sector.

The theory the bankers were working on originally was that retailing was an ideal type of business for a leveraged buy-out. Businesses were supposed to be stable, cashflow was strong – customers came through the doors and handed over money every day.

It was easy for buy-out teams to make presentations to bankers showing a continuation of the sales trends seen in the 1985-88 period, when business was booming, and finding backing on that basis.

Further if by chance the business did not prosper, there was always the backstop of assets – all those shops which rival retailers were falling over each other to buy.

So what went wrong? As any retailer can now explain, operational gearing in the industry is high. Fixed costs form a large proportion of total costs, so small changes in the volume of sales have a big effect on profits.

Many of the big buy-outs started with another large drawback – the buyers had paid too much for them in the heady days of the late 1980s. This was particularly true of public company takeovers. And as the retail bubble burst, retail property lost its allure.

Lowndes Queensway, the furniture and carpet retailer, is a telling example of what can go wrong. The consortium which Mr James Gulliver put together to buy the then Harris Queensway were persuaded to pay £450m for the business, even though some analysts said at the time that the price was too high.

Sir Philip Harris, Harris Queensway's chairman, and his shareholders, were only too happy with the price but the deal was struck just as UK interest rates were beginning to rise in the summer of 1988.

A rise in interest rates had a double effect on Lowndes Queensway. Not only did it put up the cost of the debt which the group took on to buy the company, but it also dampened demand for the products in the shop's. The volume of sales of furniture and carpets had been rising strongly, but suddenly that trend reversed. That meant that the group's cashflow weakened, making paying high interest charges ever more difficult.

Further, Lowndes Queensway had expected to sell some peripheral businesses to bring down the debt – a common move in leveraged buy-outs. But as the market for retail businesses weakened, it became more difficult to sell at a good price.

Although perhaps the worst example, it was not the only one of an interest rate sensitive retailer finding a large debt burden too onerous.

MFI Furniture, the kitchen and bedroom furniture manufacturer and retailer, was more fortunate in its timing and its pricing, effecting its buy-out from Asda-MFI in 1987. Although it needed to refinance its debts and raise some new equity in the summer of last year, it has since managed to keep its head above water.

Magnet, another retailer exposed to the dull housing market, was less lucky in its timing. It was a buy-out of a public company in summer 1989, shareholders demanded a high price for the business and within a few months it had to go back to its bankers for a refinancing.

But Magnet's bankers made the mistake of not securing their loans to Magnet's holding company on the assets of the trading company itself. Now Magnet's banks are having to allow interest and capital repayments to roll up in the debt, while the trading company is apparently making a pre-interest profit.

Stories like these are echoed by the experience of some of the large US retail groups which have also been the subject of leveraged buy-outs, such as Federated Department Stores and R H Macy.

As the retail bubble burst, retail property lost its allure

However, there are some success stories too. Alliders, which runs department stores and duty-free shops, has been protected to some extent from the slowdown in UK consumer spending by its duty-free shops around the world.

There is also a big distinction to be made between non-food and food retail buy-outs. The latter category of retailer has a much more stable business and can therefore be more sanguine about taking on large borrowings.

Mr David Smith, chief executive of Isosceles, the company which took over Gateway in a £2.1bn leveraged buy-in last year, reckons that "to the extent that an LBO depends on future cashflow and stability of cashflow it would be hard to find a sector better than food retailing. It has all the right characteristics."

With millions of customers coming through Gateway's doors each week it would take a huge shift in consumer's buying patterns to have a dramatic effect on sales. People have to eat even in recessions, and being domestic based means Gateway avoids adverse international events.

Isosceles has not been without its difficulties however, as it has been unable to sell its US retail business Herman's Sporting Goods in the difficult climate for disposals. This has led to a need to rebalance its finances bringing in more equity.

Even so, Mr Smith says: "I think debt is a good thing, but you can have to much of it." He says having debt is a good discipline on a company, and discussing plans and problems with bankers focuses managers' minds too.

Safeway, the US food retail group taken private through a $4.2bn leveraged buy-out in 1986 by Kohlberg Kravis Roberts, the pioneer of LBOs, returned to the stock market earlier this year with a public share offering. It sold assets, including its UK chain, and cut costs, including wages, to pay off its massive debt. Safeway was only one of string of LBOs of US supermarket chains which seem to be prospering.

Maggie Urry

Japanese government to revise retail store law

Small shops threatened

KOKUBU and Co, Japan's leading wholesale food distributor, is coming to the rescue of its retail customers.

The 270-year-old company, which services some 25,000 food and drink outlets, has set up a "retail support" plan which ranges from helping its mostly small and mid-sized clients with paperwork and merchandising to expanding an electronic ordering system so as to speed up deliveries.

Behind the company's drive to assist its customers are fears that many may not survive. The government has issued a directive relaxing a 17-year-old law that, in effect, gave small shops veto power over plans by larger stores to move in on their territory.

If Kokubu is alarmed at that prospect, it is not alone. Formal revision of the so-called Large-Scale Retail Store Law, agreed to by Tokyo under pressure from the US, is still months away, and its impact is far from certain. But already it has roused many of Japan's 1.4m small retailers from their slumbers.

Throughout the nation, small shopkeepers have warned of mass bankruptcies. The Japan Chamber of Commerce and Industry has called on legislators to exempt retailers in larger cities from changes in the regulations.

The Ministry of International Trade and Industry, which administers the retail store law, is seeking Y159bn (£625.98m) in subsidies for small shops to brace them for the coming of the big intruders.

"Small retailers have to learn how to survive," says Mr Kazuko Ouchi, an analyst with SBCI Securities (Asia). "They are protected so they've spent nothing on capital investment. They've been selling the same things for the past 10 years."

Ms Joy Walbert of Salomon Brothers Asia adds: "They realise they've been terribly inefficient and charge too much. The speciality stores have been cutting into the business. In the US they call them 'category busters'."

When one such category buster, Toys 'R' Us of the US, applied in January to build a store in Niigata City, in western Honshu, that brought Washington into the dispute and led the Japanese finally to consent to revise the retail store law.

Yet, industry analysts say, the real impact of the establishment of more big stores may be felt in Japan's multi-layered distribution system,

'Small retailers have to learn how to survive'

since some large retailers, such as Toys 'R' Us, purchase their stock directly from manufacturers or set up their own, less-complicated wholesale structures.

Others say that it is the nation's large manufacturers who are heading for a fall. Companies such as Matsushita and Toshiba have set up thousands of special stores that sell only their products at the prices they dictate. A proliferation of high-volume discounters could eventually upset that system.

With about 1.5m units, Japan has at least twice as many retail stores per capita as any other industrialised nation. Smaller stores accounted for about 85 per cent of sales in the Y125,000bn retail market in 1989, according to government figures.

But a Miti survey shows that the number of family shops in Japan fell by about 16 per cent between 1982 and 1988, largely because the sons were not interested in taking over the businesses.

Thus, say opponents of the store law, the legislation has mainly served to protect large retailers. Since new outlets cannot be set up easily, the existing big stores have few rivals. Indeed, the large retailers have been split on the issue: the Life Store Chain filed suit in March in order to overturn the retail stores law, while Daiei, Japan's largest mass marketer, has publicly defended the statute.

The retail store law, established in 1973, requires large retailers to "notify" local governing authorities of plans to open stores of more than 500 sq m in size.

The law does not actually say the large retailers need permission to set up shop. But in consensus-driven Japan, local authorities have rarely accepted such notification until agreement was reached between the retailer and neighbourhood shopkeepers. In some cases, that has kept some big chain stores waiting 10 years for approval.

On May 30, after months of pressure from American negotiators and large Japanese retailers, the government decreed that decisions on large-store applications must be made within 18 months. About 1,100 applications are pending for large stores throughout Japan, according to Miti.

The Americans were keen on the issue because imported goods in Japan are generally sold in supermarkets and department stores, not small shops. With a change in the store law, they hope to make headway in the retail market, especially with food products, which remain among the most competitive goods the US makes.

But it was Toys 'R' Us's application to build a 5,000 sq m store in Niigata that became a symbol of Japan's animosity toward big retailers, foreign and domestic.

The New Jersey-based store has announced plans to build 10 stores each year for the next few years in Japan. Anything near that number would certainly lead to a shake-up in the country's Y600bn toy industry.

Beyond the sheer size of its planned stores, Toys 'R' Us's strategy of selling in bulk, directly from suppliers, has made its entrance into the market a cause of some concern.

But while the issue has been brought to a head this year, the revision of the store law should only help promote a trend that is already taking place: the "Americanisation" of Japanese retailing, as one observer called it.

Despite the restrictions of the law, the movement in retailing nowadays is shifting from downtown station areas to larger stores outside the cities to which many people drive.

According to the Japan Shopping Centre Association, 89 new large shopping centres, with store space of at least 1,500 sq m, opened in 1989. That was the highest total since 1981, when shopping centres first emerged in Japan, and was all the more remarkable since land prices in many regions go for Y800,000 per 3.3 sq m.

By the end of last year, Japan had 1,429 shopping centres, and that figure could double in the next few years. Seibu, Isetan and Tokyu department stores plan new stores south-west of Tokyo; Daiei will open five stores; Ito-Yokado, best known for running 7-Eleven Japan, will build three.

Still, Japan has a way of turning potential revolutions into slow-crawling evolutions. Land prices, the growing labour shortage and rising construction costs are bound to frustrate many expansion plans, especially for foreign retailers eager to move into the market. And it is still unclear whether local governments will even follow Miti's directive.

Another problem is that the country is so congested, even in suburban and regional areas, that it is becoming more difficult to find open spaces. And a suburban shopping centre without a spacious parking lot is almost a contradiction in terms. Even in Japan.

Mark McQuillan

THE UNITED STATES

Braced for a gloomy Xmas

US RETAILERS are bracing themselves for their second successive cold Christmas after a decade which opened with a spending spree and closed with something of a bang.

This year's festive season has been ushered in by the triple spectres of recession, surging oil prices and the prospect of war in the gulf, although most stores were festooned with Christmas decorations before Thanksgiving.

None of this bodes well for US retailers, many of whom rake in more than 50 per cent of their profits and 30 per cent of their sales in the fourth quarter. For the first time since 1980, analysts are talking about flat or falling fourth quarter sales.

The sector is still shaking from last Christmas, when many stores went into the season with large inventories only to be hit by slower sales in a weakening economy. Furthermore, last year was noteworthy for its promotional activity, when Campeau's ailing Federated and Allied department stores, including such big names as Bloomingdale's, slashed prices to attract customers and keep out of the bankruptcy courts. This triggered an industry-wide discounting spree which helped lift sales but ate into profits and margins.

The discounts did not increase sales sufficiently to save the debt-laden Campeau stores from filing for bankruptcy protection, and they were quickly followed by Bonwit Teller, B. Altman and Ames Department Stores.

These failures signaled the beginning of period of retrenchment. According to Dun and Bradstreet, one of the world's leading credit rating firms, retail business failures for the first nine months of 1990 rose 12.5 per cent to 9,372 from 8,329. "We will continue to see contraction and consolidation in retailing, particularly on the department store front," said Ms Stacy Dutton, a retail industry analyst for Morgan Stanley.

However, the ghost of Christmas past has added a note of caution to the industry which may help retailers protect their profits this Christmas. Ms Dutton expects Christmas sales to be essentially flat, "but most stores don't have as much inventory to get rid of." However, while there seems to be less discounting than there was a year ago, "on a historical basis the level of markdowns is still high."

With hindsight, it is easy to see that many of the problems which have plagued the industry in the past year and which triggered the chain of retailing bankruptcies stemmed from the bullishness of the 1980s, which left many US retailers highly-leveraged, over-expanded and complacent about a public which had the means and the appetite to spend.

More retailing bankruptcies are expected in the next year. For example, R. H. Macy, which was taken private in a $3.6bn management-led leveraged-buy-out in 1986, is considered a likely candidate by some because of its large debt and exposure to weak markets in the north-east. But the company's investors, who recently injected about $150m of new equity in the company, seem determined to prevent Macy's from failing.

Some retailers are thriving as the economy softens and consumer spending falters. For example, The Gap, one of the most successful US specialty retailers, recently turned in a 39 per cent gain in third quarter net income on sales which advanced 24 per cent. The Gap's strength is attributed to its attractive prices and tight control of inventories.

The Gap is benefiting from the increasing popularity of specialty stores. "There is a long-term trend away from department stores in favour of the specialty groups and in a recession these longer-term trends become exaggerated," said Ms Dutton.

Furthermore, a recession may allow the leading retailers to improve their relative positions as their weaker competitors lose ground. In the toy sector, Toys R Us, which recently opened a large store in Manhattan, is expected to emerge in better shape than ever.

Among the discount stores, Wal-Mart is respected for its management and should weather the recession particularly well. While Dillard Department Stores and May Department Stores are expected to fare well.

The picture for most department stores is one of deepening gloom. Shoppers with less time and less money are turning to the specialty stores instead of browsing through the different floors of the department stores. In addition, a number of department stores have been hurt by declining consumer spending on big ticket durables. Sears, for example, has a big exposure to consumer durables such as washing machines and these are particularly vulnerable to recession.

One area of growth is the warehouse clubs sector, where customers pay an annual membership fee in exchange for being offered a range of high-quality goods at very low prices. Although the gross margins are lower for most warehouse club discount businesses than for traditional retail operations, the potential for growth is attractive.

Meanwhile some retailers are taking advantage of the soft real estate market to expand ahead of the anticipated economic revival. Barneys New York recently said it would open a large speciality clothing store in 1992.

Karen Zagor

RETAILING 3

Market doldrums are not affecting Epos sales

Enthusiasm grows

THE GLOOM enveloping many of Britain's high street retailers seems to have stopped short of depressing their enthusiasm for electronic point of sales systems (Epos), computerised cash registers which record the the kinds of items sold as well as the price.

According to surveys by the Retail Management Development Programme (RMDP), an independent retail consultancy, the UK not only leads Europe's league table for Epos installations but also shows the highest growth rate.

Some 20 per cent of all retail outlets are now fitted with Epos equipment, up from 15 per cent a year ago, a growth rate of about 40 per cent a year.

There is sound logic in continuing to invest in Epos even when business is poor, according to the experts. Mr Reg Mackness, sector marketing manager for International Computers(ICL) now owned by Fujitsu of Japan, makes a similar point: "The time to make investments in Epos equipment is when the going gets tough. If you look at how retailers are faring in the present difficult conditions, it is clear that those that have integrated their plans for investment in Epos with their business plans are in better shape to weather the storm."

The value of Epos lies in its capacity to record all transactions at the point of sale and make the records available for analysis in a variety of ways. Retailers using Epos know quickly what lines are selling well and in which parts of the country and are able to arrange their inventories accordingly.

Effective Epos gets rid of inconvenient and expensive manual stocktaking and is an important contributor to calculations of "direct product profitability" an advanced retailing technique which seeks to calculate the contribution made by each item to a store's overall performance and so enable a manager to maximise a store's performance.

For a large store, an Epos system typically comprises a minicomputer linked to a number of Epos terminals. Increasingly, vendors are taking a modular approach to system construction based around personal computer technology.

Effective Epos gets rid of inconvenient and expensive manual stocktaking

Epos is quite different, however, to Eftpos or electronic funds transfer at the point of sale which involves an electronic system to send payments messages between a customer's bank and the retailer's. Examples of Eftpos include PDQ and Switch.

For convenience and efficiency, many retailers would like to see Epos and Eftpos systems combined in one countertop unit. In the longer term, retailers would like to see a seamless electronic chain between their suppliers and their customers providing for orders and for payment.

For the larger retailers such as Sainsbury, Tesco, Marks and Spencer or Kingfisher, Epos in its basic form has ceased to be a source of competitive advantage. It is, as Mr Mackness puts it, "simply the ticket to play the game".

The market seems to be dividing into two sectors: the replacement market for big operators who do not have to be convinced of the value of Epos but are looking for extra efficiencies and features, and the market catering to small chains and independents. This latter market is proving more difficult to open up, especially when cash is in short supply.

Racal Transcom, part of the Racal organisation, has one answer. It has developed a device now being marketed by Barclays Bank which combines Epos technology, bank card verification and a bureau service to process the Epos data overnight.

The real advantage to bigger companies is the way they can analyse and use information the system provides.

Large food retailers, for example, are increasingly using scanners to feed sales information into their systems which automatically generate electronic orders to replenish stocks. Software programs analysing a store's sales activity through the day make possible accurate sales forecasts. Stocking up for Christmas and other seasonal events becomes less of a gamble.

According to RMDP, in the UK, ICL and IBM are battling it out for market leadership among the large Epos users with NCR in third spot followed closely by Nixdorf, now part of Siemens of Germany.

In the service retail sector, which favours smaller companies prepared to explore niche markets, Sharp of Japan leads, followed by ICL, Anker and Riva.

Since its acquisition of Datachecker in the US a couple of years ago, ICL has performed strongly as an Epos supplier. Last month it beat off competition from IBM and NCR to win a contract valued at $5.7m to supply the US Army and Air Force Exchange Service (the US equivalent of the UK Naafi) with point of sale equipment and electronic cash registers.

Alan Cane

Retailers slow to adapt to population changes

Shoppers begin to age

BY THE middle of this decade there will be far fewer young people and many more older consumers in the British population – and the post-war "baby boomers" will be well and truly grown up.

Such demographic changes in the UK are long established. Yet many marketers have been surprisingly slow to embrace the implications of these trends, let alone consider the other ways in which people's lifestyles change.

Mr Richard Hyman, director of the Verdict retail research company, believes, for example, that "massive opportunities exist to target segments of the population virtually ignored by retailers".

Market researcher Euromonitor also suggests that the demographic changes in Britain "represent considerable trading benefits for the successful retail innovator".

Yet the experience of the past decade shows that simply being aware of demographic changes is not enough: niche retailers such as Sock Shop, for example, may have correctly identified market trends but came unstuck by lack of management control.

Others, moreover, may have failed to develop retail trends because they are unfashionable. "Too many people have a myopic view of targeting and segmentation," says Mr Hyman.

Kwik Save is a case in point. It has a clear retail focus on convenience (it is the only national multiple supermarket chain committed to the high street) and cheapness (through a narrow range enabling bulk buying and large discounts). Its shops give a clear, unambiguous and entirely functional message. "This underlines the discount message and so is unappealing to the middle class eyes of analysts and journalists alike," says Mr Hyman.

"However, as a retail offer it focuses on the needs of a segment of the shopping public and fills a widening gap as its rivals move more into off-centre superstores."

At the heart of all retail thinking about trends in the 1990s are the significant shifts in the structure of the UK population. These fall into three main categories:

● Youth market: the generation up to the mid-1980s saw a steady rise in the number of young people in the population, a factor which shaped the retail strategies of many leading retail chains. But the period between the mid-1980s and mid-1990s will represent a sharp drop in the numbers of the 15 to 24 year olds – from 8.4m in 1985 to 6.4m in 1996 – before a rising birth-rate means that their numbers will start increasing again.

● Baby Boomers: the 25 to 44 age group is set to rise by about 16 per cent in numbers by the mid-1990s, which will be followed by a sharp slump as the effect of the "baby boom" of the 1960s wears off.

● 'Grey' power: the mature consumer falls into several categories, all of which are increasing in numbers and often in prosperity. The 45 to 54 year olds, for example, are potentially the most lucrative for retailers, yet often least targeted. They are usually in employment, have small mortgages and are beginning to enjoy the benefits of inherited wealth.

The 55 to 64 year-olds are similarly well-placed, although early retirement means they will increasingly have more time for shopping as a leisure pursuit rather than a necessity. The over 65s are least affluent of this mature market sector, yet increasing numbers makes them a target worth reaching.

But population changes are not the only factor affecting retail demographics in the 1990s. The break-up of the traditional family unit is a trend that is set to continue: more single households means that some shoppers will increasingly want convenience shopping rather than large out of town superstores.

Yet consumers are also increasingly mobile: the growth of car ownership in the 1990s will continue, making shoppers even more willing to travel to shop.

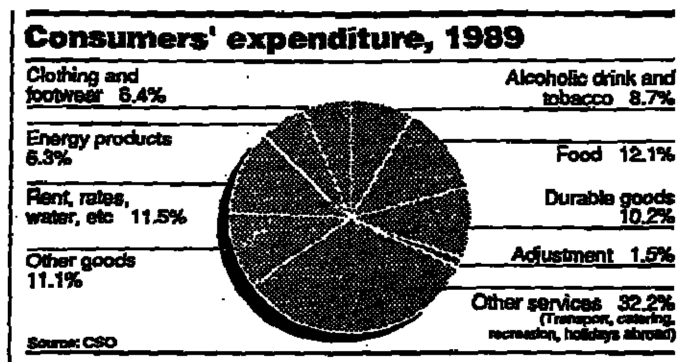
The greater availability of leisure time in the 1990s will increasingly blur the edges between shopping and leisure.

Overriding all these trends, however, is the growing awareness by consumers that they are, in fact, king in the retail world. The present recession has only served to emphasise that consumer choice is one of the key trends of recent years.

Yet some retailers still have to fully appreciate this trend. "Changing demography has offered significant opportunities for strategic differentiation among retailers in the 1980s," says Mr Hyman.

"Many have taken these opportunities but most have paid only lip service to targeting and segmentation. We are now entering a new period of retail development when the retail trade will have to look for market gaps and ways to reach the shopping public more effectively."

David Churchill



SUNDAY TRADING

Battle takes on EC dimensions

THE SUNDAY trading dilemma has been a bitter embarrassment for a government committed to law and order ever since its defeated attempt to reform the 1950 Shops Act four-and-a-half years ago, and this dilemma is likely to increase as the single market approaches.

Why has reform of a law that prohibits the sale of the bible on Sundays – but not pornography – been so elusive?

The bloodbath following the government's defeat in 1986 stirred up the troops of all sides in unabated warfare. The government was so humiliated by its defeat that it placed the ball in the retailers' courts.

The then home office secretary Douglas Hurd and junior minister Timothy Renton made it clear the government would not tolerate such humiliation again and left it for the industry to come up with its own compromise that would gain the majority's support.

But the failure of interested factions to thrash out an acceptable solution has made change impossible.

On the one side is the Keep Sunday Special Campaign which has the support of 17 Trade Associations and 116 large retail companies.

It was KSS backed by a powerful mixture of the Church, the Co-op and the shopworkers union, USDAW, that mobilised so much parliamentary support against the government in 1986.

KSS, which is opposed to the partial or total deregulation of Sunday trading refuses to budge from its own REST proposals which would allow a restricted range of items to be sold in the areas of recreation, emergencies, social gatherings and travel.

It proposes to allow grocery stores of 500 sq ft or less which sell at least 80 per cent food to open for the sale of all goods.

At the other extreme is the Shopping Hours Reform Council, supported by the big supermarket chains and B&Q, led by chairman Sir Basil Feldman and Roger Boaden, former head of local government at Tory party central office.

The SHRC originally sought total deregulation but in a cynical attempt to woo more support opted for limited trading – six hours on a Sunday – for big chains and all day opening for small shops.

In the middle comes OPEN (Outlets Providing For Every Day Needs) – formerly the Community Shops Group – which advocates Sunday trading for community stores of 3,000 sq ft or less.

The independent retailers – the small grocers, convenience stores and specialist shops – who say they make their money when the big chains are shut, fear new competition on Sundays will destroy their businesses.

With 1992 just around the corner the plot has thickened

Trying to bring OPEN and KSS together is a campaign led by the trade journal, Independent Grocer, which wants community shops to be allowed unrestricted opening both on Sundays and in the evenings during the week with a total ban on large supermarkets at these times.

It has consistently tried to persuade OPEN and KSS to reach a compromise on the size of store permitted to open but both are too nervous to take the first step.

Independent Grocer editor and campaign leader Mr Jim Muttram believes that if these two groups can strike up a deal it will be enough to swing a majority for reform in Parliament.

But with 1992 just around the corner the plot has thickened. Last November a judgement was made by the European Court to refer a case involving B&Q back to the British courts on the pretext UK Sunday trading regulations were not a barrier to trade between nations and therefore not in conflict with the Treaty of Rome.

This will now be left to be heard by the House of Lords which could feasibly refer it back to Europe.

Most local authorities did not prosecute law breakers for fear that if B&Q succeeded in Europe, retailers would take out prosecutions for loss of Sunday business caused by their convictions.

But now prosecutions are once again gathering pace although the cases of two French retailers and one Belgian company have been just been referred to the European court.

The issue has been further complicated by the Germans, who along with the Danes, have the most restrictive laws on Sunday trading in the EC. An EC directive proposed by Germany as part of the controversial Social Charter says there must be a day off per week throughout the EC.

The Germans have asked that it should be Sunday and plan to make this an issue.

Germany, along with Denmark and Holland, is more restrictive than the UK but Spain, Portugal, Italy, Luxembourg, Greece and France are more relaxed.

The Sunday trading battle is likely to continue for a long time. Some say a solution will be found with the advent of the Social Charter. Others say it is up to Parliament to change the UK law first.

Until then, places such as Albert Docks will continue to be able to register as tourist resorts – a way of legally trading on 18 Sundays a year – and more loopholes will be found.

All this will be at great public expense with the courts, traders, local authorities and the general public continuing to go round in circles.

Andrew Don

Landlords of retail property face leaner times

The party is over

THE VERDANT years for retail property now seem far away, yet it was only in the late 1980s that retailers were still enjoying celebrity status and the sector seemed to have no growth limit.

The great demand for high street outlets saw rentals rocketing and many new shopping centres proposed.

Since then, high interest rates have slowed sales and pushed up interest on borrowings. This, combined with increasing higher fixed rental levels and a new rating system, makes a bitter pill for retailers to swallow.

On high streets, prime premises remain in demand, although trends point towards more independent retailers moving to the sort of locations previously only occupied by larger chains.

This must be good news for consumers tired of the same shops in every high street, but not for landlords who, concerned about holding empty premises, have to start dealing with smaller tenants.

While average rental growth has actually been in decline for the last two years, shrinking from 30 per cent in 1987/88 to below 10 per cent today, yields are rising commensurately. The annual rise at August this year was recorded at 1.3 per cent, with average shop yields of 7.3 per cent.

Decline in capital value of shop property provides rich pickings for long term investors, but slows the pulses of current owners of such stock. Investors and developers who bought sites for large shopping schemes at the top of the market need to recoup their investments through the most obvious means – realistic rental levels based on current (at time of purchase) trends.

But with rental growth slowing and, in London and the south-east, showing signs of actual decline, developers and investors can do little but go for 100 per cent letting and sit through the lean period of allowances and incentives.

Although a few shopping centres have been the subject of particularly adverse comment, with tenants threatening to withhold payment of rent and service charges until all units are occupied, most appear to have filled at least the majority of the available space. But at what cost?

Independent retailers, again, are being offered incentives to open up in new shopping centres. Packages include free shopfitting, reverse premiums, rent-free periods, stepped rents and turnover rents.

Anchor tenants such as Marks & Spencer, Sainsbury, Debenhams, House of Fraser and the mainstay of shopping centres and high streets – British Shoe Corporation, Burton, Next and Etam – have all experienced closures or restructuring during the past 18 months and are wary of committing themselves to a new and untried shopping centre.

Sellers are being encouraged to open up in new shopping centres

Retailers turned property developers, most notably Burton, have found that what appeared to be an obvious marriage – property development and retail – is now more of a double edged sword as Burton's poor end-of-year figures and subsequent boardroom activity show.

Some shopping centres have been shelved, such Grosvenor Square's Nottingham scheme. Others, like Tobacco Dock, have called in the receivers, while centres such as Shires Centre, Trowbridge and Putney Exchange have opened their premises with 50 per cent, and less, trading.

The new regional shopping malls, opening this year – Meadowhall, Al Gallerias, Thurrock Lakeside – all report a high rate of pre-lettings. But none is 100 per cent let – a situation that would have been considered extraordinary five years ago.

Although the level of retail enquiries has reportedly been enthusiastic since the centre started trading, there are still plenty of units available.

While new shopping centres are proving difficult to fill, older ones are facing the problem of how to fund their refurbishment.

Refurbished centres should lead to higher rental levels again, but not for a while. Older centre refurbishment is likely to become big business from the mid-nineties on in order to sustain interest by consumers.

Retail parks have lost much of their appeal for investors, and development proposed and under construction is significantly lower than last year.

However, with rental growth drastically decreased over the past year, those retailers that are prepared to move into existing out of town units are in a position to pick sites. But with out-of-town developers suffering the effects of high interest rates, supply may well be overtaken by demand, forcing rental levels up again.

The latest Hillier Parker figures indicate that in spite of current trends, the square footage planned exceeds last year's figures by some 17 per cent. As with all investment, retail property is cyclical. With the prospect of lower interest rates in the next year or two, long term investors should be working now to piece together high street investments.

Niki Adamson

Shopping schemes

(million sq ft)	proposed	planned	under construction
Town centre			
June 1989	23.2	26.9	17
Sept 1989	26.7	28.3	16.1
June 1990	22.4	30.5	15.6
Sept 1990	22.1	29.7	13.9
Out of town			
June 1989	58.5	22.4	14.1
Sept 1989	55.9	25.5	14.9
June 1990	46	29.8	11.4
Sept 1990	42.2	30.8	9.5

Source: Hillier Parker Research

Gold market in confusion after hostages offer

By Kenneth Gooding, Mining Correspondent

CONFUSION IN the world gold market about Saddam Hussein's offer to release the hostages in Iraq was *reflected* at the afternoon price fixing session in London yesterday. The "fix" went on for an hour and 20 minutes, nervously looking for direction even though the volume of precious metal on offer was not great.

Gold dropped to US$366 a troy ounce early in the day as prospects for peace in the Middle East seemed to be improving, but the conflicting pressures at the "fix" kept the price within a narrow range above that level. At the close in London the price was $370.75 *an ounce, down $9 on the day.*

Almost all the activity at the "fix" originated in the Middle East but traders said it was *not* another raid on the market by the syndicate working through the National Commercial Bank of Jeddah.

Analysts agreed that yesterday's events seemed to indicate that the gold price had fallen about as far as it was likely to go. There was no sign that investors were liquidating their holdings of the precious metal and most of the selling was by people who did not own the gold but expected to be able to buy it back later at a lower price to fulfil their contracts.

"I'm not a bull of gold but I'm not bearish either," said Ms Rhona O'Connell, precious metals analyst at Shearson Lehman Brothers. "There are almost no weak holders (of gold) left in the Middle East who would sell if peace breaks out. But if there is a war, the professionals will move back into gold only if the US dollar weakens and equities go all over the place," she suggested.

Mr Andy Smith, analyst at UBS Phillips & Drew, said: "Gold doesn't seem to want to *go much lower. The floor* seems to be in the mid-$360s. The physical market is extremely tight and there is a reluctance (among market players) to go short. Seasonal demand is quite high and producers are unwilling to sell at these levels. "The problem is that there is also a cap to the upside," added Mr Smith. The gold price had fallen $15 an ounce in the past five days and this would usually have produced a substantial technical upward bounce, but this had not happened, he pointed out.

Drought pushes S African farmers nearer the brink

Whether it rains or not many will remain in a precarious financial position, writes **Patti Waldmier**

SOUTH AFRICA'S farmers, burdened by debt and fearful for their future after the end of apartheid, are facing the prospect of a severe drought unless good rains begin in the next fortnight.

"It's a knife-edge situation," says Mr Peter Cownie, Deputy General Manager of the Maize Board, *the marketing authority* for maize. "It's not a disaster yet, but the situation is very very tight. If we don't have reasonable rains in the next two weeks, we will have to import maize."

For the past month, South African newspapers have published almost daily pictures of distressed farmers sifting the dust of parched fields between their fingers, scanning the horizon for rain clouds. In some areas, farmers say they are experiencing the worst drought in 60 years.

Throughout the country, maize plantings are sharply down. Maize Board figures to the end of last week show that only 744,000 hectares have been planted with maize so far this *season, compared with almost* 2m ha at the same time last year. The board has issued a plea to farmers to plant white maize, the staple food of black South Africans, as only 168,000 ha of white maize had so far been planted against 856,000 ha last year at this time.

The optimum planting time in eastern areas of the country, where 20 to 25 per cent of the maize crop is normally grown, has passed, with 85 per cent of *last year's area planted. But in* western areas – where nearly half the crop is grown, and only 49,000 ha have been planted, compared with 843,000 ha last year at this time – planting can continue to the middle of this month.

Unless good rains begin by then, South Africa could face a serious shortage of maize, placing farmers – and the economy – under serious strain. Increased farm insolvencies would threaten a collapse in land prices, and economic growth and the balance of payments would suffer if large scale maize imports become necessary.

Already, importing wheat is inevitable. With roughly half the wheat crop harvested, Mr *Ivan Hemingway, general manager* of the Wheat Board, predicts that South Africa will need to import at least 400,000 tonnes of wheat, at a cost of R160m (£32m). He believes the wheat crop could be as low as 1.7m tonnes, down from an original estimate of 3m tonnes. Depending on the final crop, imports could total 700,000 tonnes and cost as much as R300m.

Maize imports are still in the balance, however. Mr Kit Le Clus, chief economist at the National Maize Producers' Organisation (Nampo), the pro*ducers' lobby, says the crop* could turn out to be anything between 3m and 8m tonnes, though 6m to 8m tonnes seems "realistic" at the moment. With domestic consumption at 7m tonnes, a 6m tonne crop would mean 1m tonnes of imports, at a cost of about R400m. This compares with maize exports worth R1.4bn in the 1989-90 crop year, when the crop totalled 11.5m tonnes.

"We have been getting some rain in the past few days, and it looks like the crop will get planted, although it will be late," says Mr Le Clus. Mr *Koos du Toit, chief economist* of the South African Agricultural Union, the farmers' overall lobby, says a "normal" crop of 7m tonnes is still possible. "If the rains are reasonable for the next three summer months, we could still produce a lot of maize."

"But if the rains are not good then, a large percentage of farmers will be in serious difficulties," he adds.

Mr du Toit explains: "South *African agriculture* was in a strong recovery phase and farmers were optimistic that they could repay their accumulated debts, until this year's drought."

Mr Le Clus of Nampo estimates that 25 per cent of grain farmers in South Africa's summer rainfall areas could fail in the next two years, with some 2,000 to 2,400 leaving agriculture altogether. Says Mr Hemingway of the Wheat Board, "many farmers are in a situation where it's no longer viable to keep them on the farms, and the answer does not lie in giving them more loans."

Since 1983, the first of a number of dry years, Government has provided substantial assistance to the farming sec*tor in the form of debt guaran*tees, interest rate subsidies and direct credits; recently Pretoria announced a further R526m six-year rescue programme. But with the Government facing increased demands for social spending on black housing and education, further large-scale help for farmers seems out of the question.

Maize farmers say their most serious problem has been the deterioration in their terms of trade in recent years – the relation between producer prices and the cost of inputs. In 1984–85 for example, a farmer needed to sell 191 tonnes of maize to purchase a *tractor; but by 1989-90 this had* risen to 347 tonnes.

Interest rates are high – the prime rate is at 21 per cent, with many farmers paying up to 25 per cent for credit – while total agricultural debt has risen from R3.8bn in 1980 to R14.7bn in 1989, according to Agricultural Union estimates.

Farmers' confidence is low, given the prospect that a post-apartheid government will seek to redistribute farm land more equitably. Given all these factors, and after several drought years (1989, a bumper year, was a notable exception) South African farmers are ill-prepared for another dry season.

South African Farmers' Debt Burden

	Total debt (Rmillion)	Capital assets (Rmillion)	Debt as a percentage of assets
1989	14.70	62.33	23.6
1988	13.58	56.48	24.0
1987	12.94	49.78	26.0
1986	12.43	45.88	27.1
1985	11.12	42.07	26.4
1984	9.49	38.71	24.5
1983	7.41	36.36	20.4
1982	5.78	33.05	17.5
1981	4.84	29.57	16.4
1980	3.83	28.58	13.4

Source: SA Agricultural Union

Limits proposed for New York oil prices

By Barbara Durr in Chicago

THE BOARD of directors of the New York Mercantile Exchange, the US energy futures market, approved late on Wednesday a proposal for set of circuit breakers aimed at cooling panic buying in the event of a war in the Gulf.

Futures price movement limits and options strike price rules have been set to restrict dramatic price swings. The *exchange said it hoped the* Commodity Futures Trading Commission, the futures industry regulator, would approve plan by December 12.

Nymex devised the plan after consultations with the CFTC and the US Energy Department, and commission officials said they expected the plan to be given a green light.

For crude oil, one-day price changes would be limited to $15 a barrel. If the price moved $7.50 a barrel on the first two contract months, a one hour trading halt for all contract *months in futures and options* would be imposed. When trading resumed a further $7.50 movement would be permissible, but subsequent trades could only be made at or within that limit.

If the market reversed after the first limit was reached and the price moved another $7.50 in the opposite direction, trading could again be halted for one hour and the further $7.50 price limit would apply for the rest of the session.

Had the proposed rules been in effect since the Gulf crisis began, they would not have been *triggered. The largest one* day swing in prices was $5.41 per barrel on October 22. Mr Robert Davis, Nymex's senior vice president, said the new rules were "designed for a one hundred year flood."

In the case of heating oil, propane and unleaded gasoline, one-day price movements would be limited for the first two contract months to 40 cents a gallon. A two tiered system would apply as in crude oil, with the first limit at 20 cents a gallon.

The Commodity Exchange *(Comex), the New York-based* metals market, is considering a similar plan given that gold futures could also experience heightened volatility if a Gulf war starts.

Autumn lambing brings bigger profits for New Zealand farmers

By Dai Hayward in Wellington

NEW ZEALAND's trees do not lose their leaves in winter, so one of the few obvious signs of *spring are the thousands of* newborn lambs in the fields. Now, however, especially in the northern part of the country lambs are being born in the autumn. This is the result of 15 years of scientific research aimed at extending the lambing season over a longer period and making better use of farmers' resources.

In the hotter climate of the north grass grows better in the autumn than it does in spring. The north also has a much milder winter, free of the snow and gales that sheep farmers *have to contend with further* south.

The development of autumn lambing seemed an obvious move to increase the number of lambs a farm could support. But how it was to be achieved was less obvious. Most sheep have a very definite breeding season linked to the spring and the majority of breeds reared by New Zealand farmers can only mate successfully between February and the autumn, giving birth in the spring or early summer.

In 1977 an agricultural scien*tist selected a flock of Dorset*-Romney ewes to try to convert them from spring to autumn lambing. Each season researchers kept the ewes and lambs that were born first and discarded the rest of the flock. By 1982 the second generation of early born rams were entering *the breeding system.* Almost immediately there was a noticeable change in lambing dates with lambs being born much earlier.

By 1983 about 96 per cent of *the ewes were producing lambs* in the autumn and in 1986 lambing suddenly started six weeks earlier than in previous years. The scientists still do not know why that happened. Most of the lambs from the test flock were born in the middle of April – the target period. Any earlier and the newborn lambs might be caught in the summer *drought period;* much later and they would miss the best of the autumn pasture growth.

Autumn-born lambs provide several advantages for the farmer. They reach market at a time when prices are at their highest. They provide a continuous supply for exporters sending chilled meat overseas. Chilled meat earns a better price than frozen meat in overseas markets but has a storage life of no more than 21 weeks. Relying on lambs born in spring meant that often exporters could not supply their market in November and December.

Extending the lambing season also spreads the farmer's work load. When part of his flock produces autumn lambs the farmer is under less pressure than those with only *spring lambs.*

One problem with autumn lambs is that the Dorset breed is a relatively poor producer of wool, which naturally affects the farmer's income. The scien*tists are now trying to intro*duce genes from good wool-producing breeds such as Merinos into the autumn lambing flocks. They have to do this extremely carefully, however, so as not to dilute the Dorset strain and lose the benefit of autumn births.

The Dorset was originally chosen for the experiment because *it* was less tied to the strict breeding period.

In the south of New Zealand, where sheep farmers frequently have snow on the ground in winter, efforts are also being made to change the breeding pattern. This is being done by keeping ewes and rams well separated and then introducing rams into the flock six weeks before the start of the normal breeding season. This approach has met with some success. However, possibly because of more extreme climatic factors, scientists have discovered *that in the south* breeding patterns are more strongly developed and the fertile period of ewes more deeply ingrained than in northern latitudes.

Recession fears depress sugar market

By David Blackwell

THE PROSPECT of a global recession is depressing the near-term prospects of the sugar market, according to the latest report from E.D. & F. Man, the London brokers.

But the prospect of a tight raw sugar balance is providing a *firm floor for prices. Man is* sticking to its forecast of a 1m tonne surplus this year.

Man says that the inability of recent potentially bullish developments to lift the market out of a static range is forcing it to concentrate on the demand side of the overall equation. Typhoons in the Philippines, the decrease in US *production estimates and the* subsequent increase in the US import quota have been ignored.

The appearance of Mexico and the Soviet Union in the market recently only briefly lifted prices over 10 cents a lb. While Mexico's requirements are well known, The Soviet Union's "are a matter of conjecture."

Both Man and Czarnikow, another London broker, agree that the supply problems within the Soviet Union are worsening. In this month's sugar report *Czarnikow says* the latest news suggests Soviet sugar production for 1990 will be 8m tonnes of whites. This would imply a gross import requirement of 5.25m tonnes.

India faces hard grind to boost pepper sales

By Kunal Bose in Calcutta

IN THE past decade India has made a breakthrough in black pepper production, its output having risen from 30,000 *tonnes* in 1980-81 to more than 80,000 tonnes in 1990-91, making it by far the biggest producer. But, although its share of the world pepper sales still exceeds 30 per cent, the inability of the country's product to compete on price and quality has condemned India to the position of supplier of last resort and excluded it from the lucrative US market.

The productivity of India's pepper industry compares poorly with the Brazil's, Malaysia's and Indonesia's. And as the cost of production of pep*per is relatively high in India,* it cannot match the prices quoted by other suppliers. Moreover,while the other producers have brought about a significant improvement in the quality of pepper, the same cannot be said about the Indian spice, which falls far below the standards set by the American Spice Trade Association.

The US, which until a few years ago was a big importer of pepper from India, now gets most of its supplies from Indonesia and Brazil. Even the *Soviet Union, the single big*gest buyer of Indian pepper has started reducing its orders.

In spite of the recent setback in sales volume – export earnings have declined by about Rs800m (£22.5m) over the past three years – black pepper, growns mostly in the southern state of Kerala, continues to *occupy pride of place* in India's spice export basket.

Of the total spice export target of 100,000 tonnes for 1990-91 pepper accounts for 42,000 tonnes. The export targets for other spices include 25,000 tonnes of seed spices, 20,000 tonnes of turmeric, 8,000 tonnes of chillies, 7,500 tonne sof ginger and 4,000 tonnes of curry powder.

Whether or not the export target in terms either of quantity or value (Rs3bn) will be achieved will depend upon despatches during the peak period *of January to March.*

India hopes to achieve production of 95,000 tonnes of pepper by the final year of the 8th national plan (1994-95).But with domestic demand for pepper being 30,000 tonnes at the most it will somehow have to find outlets for increasingly bigger exports. Failing that, it will be impossible to maintain domestic pepper rices, say officials.

The authorities have finally come tods the conclusion that export success will hinge on dispensing with the poor post harvest practices, which tell on the quality of pepper, and formulating an effective marketing strategy. A decision has been taken to promote the export of pepper in value added form.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices edged ahead on the LME, with cash metal developing a premium over three-month on increasing concern about tight supplies early next year. Comex copper was also ahead at midday as developments in the Middle East propelled stock markets and industrial metals. "We're seeing some buying interest develop from the Far East," said one New York commission house trader. "The prospects for peace in the Mideast and today's hostage news had a positive impact on the more industrial-type markets including copper." London cocoa prices took their lead from New York in the afternoon and advanced in thin trading. The absence of fresh fundamental features has left the market directionless, traders said. However, the early rise in New York was inspired by speculation that prices may have found a bottom following recent weakness. New York arabica coffee futures were sharply higher at midday as uncertainty over a possible strike by Colombian dockworkers and hot, dry weather in Brazil continued to underpin sentiment. On the BFE freight futures closed mostly down on profit taking.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$21.80-2.05v	-2.525
Brent Blend (dated)	$27.25-7.35	-2.95
Brent Blend (January)	$26.05-6.15	-2.70
W.T.I. (1 pm est)	$25.90-5.95v	-2.61
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$250-5	-30
Gas Oil	$278-80	-25
Heavy Fuel Oil	$136-8	-7
Naphtha	$249-53	-16
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$370.75	-3
Silver (per troy oz)♣	412.1c	-3.1
Platinum (per troy oz)	$429.25	-2.25
Palladium (per troy oz)	$93.35	+0.25
Aluminium (free market)	$1545	+45
Copper (US Producer)	116c	
Lead (US Producer)	50c	
Nickel (free market)	380	+2
Tin (Kuala Lumpur market)	15.10r	-0.28
Tin (New York)	255c	
Zinc (US Prime Western)	70c	
Cattle (live weight)†	106.27p	-1.95*
Sheep (dead weight)†	143.96p	+1.56*
Pigs (live weight)†	77.34p	+3.32*
London daily sugar (raw)	$254.0w	+2.80
London daily sugar (white)	$307.5w	+2.7
Tate and Lyle export price	£240.00	+2.0
Barley (English feed)	£122.5u	
Maize (US No. 3 yellow)	£163.5	
Wheat (US Dark Northern)	£81u	
Rubber (Jan)♥	50.50p	-0.25
Rubber (Feb)♥	50.75p	-0.25
Rubber (KL RSS No 1 Jan)	241.0m	
Coconut oil (Philippines)§	$342.5z	+7.5
Palm Oil (Malaysian)§	$342.5v	+7.5
Copra (Philippines)§	Unquoted	
Soyabeans (US)	£141	-4
Cotton "A" index	82.65c	-0.15
Woolops (64s Super)	412p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Dec/Jan z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	213.60	220.00	220.20 213.00
May	216.60	221.80	221.80 216.00
Aug	219.60	224.80	223.40 219.00
Oct	219.60	224.20	223.80 219.40
Dec	219.80	224.40	222.00
Mar	221.00	227.00	223.60 222.00
May	222.00		223.60 223.60
White	**Close**	**Previous**	**High/Low**
Mar	301.0	304.2	304.0 300.0
May	300.5	303.7	303.0 301.0
Aug	306.0	309.0	309.0 306.5
Oct	287.3	290.5	290.4 287.6
Mar	283.3	286.5	287.0 281.9
May	285.3	288.5	289.0 283.4

Turnover: Raw2314 (1487) lots of 50 tonnes. White 821 (382)
Paris- White (FFr per tonne): Mar 1531, May 1535, Aug 1571, Oct 1479.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jan	26.60	27.33	28.00 25.45
Feb	25.45	26.37	26.80 24.40
Mar	24.10	25.30	26.00 23.75
IPE Index	29.55	29.63	29.65 27.11

Turnover: 5024 (15107)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Dec	277.50	290.75	288.00 271.00
Jan	258.00	271.00	269.25 250.00
Feb	242.00	252.75	251.00 235.00
Mar	222.00	236.50	232.00 218.00
Apr	207.00	220.00	215.00 208.00
May	201.00	213.00	215.00 201.00
Jun	195.00	211.00	199.00 195.00
Jul	194.00	207.00	194.00 194.00

Turnover 21268 (14092) lots of 100 tonnes

FRUIT AND VEGETABLES

Pick of the week are Ocean Spray cranberries at £1.20-1.50 per 12oz punnet (£1.20-1.50), reports the FFVIB. Seasonal fruit remains stable with Cox's Apples at 35-60p a lb (35-60p), French Golden Delicious at 35-60p a lb (35-65p) and Washington Red Delicious at 55-65p a lb (55-65p). Homegrown Veg is superb with Brussels sprouts at 24-35p a lb (24-35p), and mushrooms at 80p-£1 10 a ½ lb (80p-£1.10). Spring onions at 25-35p a bunch (25-35p) are a good salad buy, along with tasty English celery at 35-40p a head (35-40p) and Chinese leaves at 65p-£1.20 a head (65p-£1.20).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Dec	656	655	655 647
Mar	714	704	714 702
May	744	733	744 732
Jul	768	755	768 757
Sep	789	777	789 777
Dec	816	806	809 806
Mar	839	825	839 825

Turnover: 5131 (3773) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec 5 924.83 (938.39) 10 day average for Dec 6 968.52 (975.84)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jan	660	660	665 653
Mar	609	603	617 598
May	605	603	613 598
Jul	817	816	620 610
Sep	630	628	633 626
Nov	645	645	645

Turnover 10272 (9373) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec 5 : Comp. daily 73.25 (72.75). 15 day average 70.39 (70.10)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
Apr	140.0	139.0	140.5 139.5
May	159.0		158.0

Turnover 57 (69) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)

	Close	Previous	High/Low
Feb	120.00	119.50	120.00
Apr	120.50	121.50	120.50
Jun	121.50	122.00	121.50 121.00
Aug	122.00		122.00

Turnover 125 (145) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
Dec	1424	1440	1420 1405
Jan	1370	1385	1374 1350
Apr	1293	1316	1290 1275
Jul	1088	1064	1040
BFI	1447	1430	1447

Turnover 838 (489)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
Jan	120.80	120.70	120.90 120.85
Mar	124.00	123.85	124.10 123.90
May	127.40	127.45	127.65 127.35
Barley	**Close**	**Previous**	**High/Low**
Jan	117.25	116.85	117.25 117.10
Mar	120.50	120.05	120.50 120.25
May	121.20	121.20	121.20 121.10

Turnover: Wheat 282 (148), Barley 223 (81). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	87.5	87.0	87.0
Feb	89.5	88.5	88.5
Apr	95.5	95.0	95.0
May	96.0	96.0	95.5

Turnover 39 (44) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,621 lots
Cash	1550-5	1498-1500	1545/1541	1540-1		
3 months	1588-7	1533-4	1587/1580	1574-5	1582-3	60,067 lots
Copper, Grade A (£ per tonne)						Total daily turnover 21,853 lots
Cash	1303-5	1287-9	1300	1300-1		
3 months	1302-3	1296-7	1305/1299	1301-2	1302-3	112,227 lots
Lead (£ per tonne)						Total daily turnover 3,519 lots
Cash	328-30	330-1	331/330	331-2		
3 months	336-7	339-40	339/337	338.5-9	337-8	8,215 lots
Nickel ($ per tonne)						Total daily turnover 1,746 lots
Cash	8275-300	8150-75	8200/8175	8150-75		
3 months	8110-25	8025-05	8150/8050	8050-75	8120-30	11,093 lots
Tin ($ per tonne)						Total daily turnover 2,149 lots
Cash	5680-90	5730-40	5675-5670	5672-3		
3 months	5780-90	5790-5	5800/5750	5765-70	5770-80	9,694 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,841 lots
Cash	1250-5	1243-5	1243	1243-4		
3 months	1236-8	1233-4	1250/1232	1231-2	1237-9	20,006 lots

LME Closing £/$ rate:
SPOT: 1.9385 | 3 months: 1.9131 | 6 months: 1.8898 | 9 months: 1.8725

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	159.00	155.80	159.00		
Dec	160.00	156.80	160.00	158.80	107
Jan	159.00	156.80	159.00		10
Feb	158.80	158.70	159.80	159.20	143
Mar	159.20	158.50	159.20	158.70	117
Jun	158.70	156.50	158.70	158.20	66
Sep	159.00	159.50	159.00		76
Dec	159.20		159.20		10

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	370.50-371.00	
Opening	373.70-374.10	
Morning fix	373.80	193.659
Afternoon fix	370.00	190.965
Day's high	373.80-374.20	
Day's low	370.50-371.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.97	6 months	4.91
2 months	4.95	12 months	4.90
3 months	4.93		

Silver fix	p/fine oz	US cts equiv
Spot	212.55	412.10
3 months	219.45	419.98
6 months	226.00	427.85
12 months	238.30	4.4345

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1450	122	150	2	12
1550	43	80	23	40
1650	8	35	86	93
Copper (Grade A)	**Calls**		**Puts**	
2400	144	136	8	56
2500	70	84	32	100
2600	25	47	86	161
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
600	66	40	7	33
650	33	21	24	64
700	13	11	54	104
Cocoa	**Mar**	**May**	**Mar**	**May**
700	66	40	7	33
750	35	21	24	64
800	13	11	54	104
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
3300		80		
3350				
3400				

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jan	26.00	27.29	26.74	26.25
Feb	25.55	26.89	26.25	24.60
Mar	24.80	26.14	25.40	24.00
Apr	24.35	25.39	24.70	23.50
May	23.60	24.69	24.10	23.25
Jun	23.40	24.11	23.35	22.70
Jul	23.00	23.67	23.00	22.00
Oct	22.30	22.88	22.50	21.90

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	7610	8114	7970	7650
Feb	7480	7991	7625	7391
Mar	7030	7482	7160	6882
May	6400	6667	6450	6200
Jul	6150	6372	6150	5980

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1224	1197	1228	1196
Mar	1263	1236	1270	1237
May	1305	1277	1311	1280
Jul	1340	1308	1345	1318
Sep	1373	1346	1370	1357
Dec	1405	1378	0	0
Mar	1439	1412	1417	1417

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	90.00	88.00	90.10	87.75
Mar	93.20	91.35	93.45	90.70
May	95.45	93.45	95.55	92.90
Jul	97.70	95.75	97.70	95.00
Sep	99.50	98.00	99.25	97.25
Dec	101.85	100.90	0	0
Mar	101.75	101.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.54	9.87	9.82	9.53
May	9.67	9.93	9.87	9.66
Jul	9.70	9.99	9.90	9.67
Oct	9.71	9.98	9.91	9.70
Mar	9.78	10.07	9.80	9.80

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	76.30	76.20	76.30	76.10
Mar	73.77	73.63	73.88	73.19
May	73.40	73.38	73.40	73.00
Jul	73.16	73.22	73.25	72.90
Oct	67.85	67.90	67.90	67.90
Dec	65.31	65.40	65.40	65.15
Mar	66.16	66.10	66.15	66.10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	106.60	108.80	109.00	106.25
Mar	108.65	111.15	111.40	108.60
May	109.70	112.75	112.75	109.50
Jul	110.60	114.45	113.50	112.00
Sep	110.85	114.45	112.00	112.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 6	Dec 5	mnth ago	yr ago
1716.5	1713.2	1697.2	1814.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 5	Dec 4	mnth ago	yr ago
Spot	123.06	122.60	123.80	127.19
Futures	123.93	124.42	126.12	128.89

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	371.7	374.2	373.0	368.0
Jan	372.3	374.9	0	0
Feb	372.3	375.8	374.2	369.1
Apr	376.2	378.8	377.1	372.5
Jun	379.4	381.9	380.0	376.0
Aug	382.5	385.0	383.0	380.5
Oct	385.7	388.1	0	0
Dec	388.9	391.3	390.0	388.0
Feb	392.2	394.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	419.2	422.5	0	0
Jan	421.9	425.2	427.0	421.2
Apr	426.7	429.6	429.7	426.1
Jul	430.5	433.6	433.0	431.0
Oct	434.2	437.3	0	0
Jan	439.2	442.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	412.1	414.8	414.0	411.0
Jan	413.6	416.3	413.0	413.0
Feb	416.8	419.9	0	0
Mar	420.5	423.8	423.0	418.3
May	426.4	428.8	428.5	424.0
Jul	432.2	435.6	434.5	430.0
Sep	438.0	441.4	0	0
Dec	446.1	449.6	447.0	445.0
Jan	448.3	451.8	0	0
Mar	454.8	458.3	454.0	452.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	113.25	111.80	113.50	112.55
Jan	112.25	110.50	112.40	111.40
Feb	111.10	109.00	111.50	110.00
Mar	109.55	107.15	109.20	107.70
Apr	107.85	106.45	0	0
May	106.45	105.55	106.90	106.15
Jun	105.45	104.85	0	0
Jul	104.35	103.95	105.20	104.50
Aug	103.85	103.55	104.70	104.70
Sep	103.35	102.95	104.20	103.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	597/2	592/4	599/6	591/0
Mar	612/2	606/6	614/6	606/0
May	626/2	621/2	628/0	619/4
Jul	637/0	632/6	639/6	630/6
Aug	639/6	634/6	640/0	633/0
Sep	629/2	625/0	629/4	623/4
Nov	626/6	622/2	627/4	620/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	21.60	21.43	21.85	21.32
Jan	21.69	21.62	21.98	21.55
Mar	22.03	21.97	22.33	21.87
May	22.32	22.28	22.54	22.20
Jul	22.52	22.45	22.70	22.49
Aug	22.40	22.35	22.65	22.40
Sep	22.50	22.40	22.50	22.45
Oct	22.40	22.30	22.45	22.30

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	176.0	174.3	176.6	173.7
Jan	178.1	176.6	178.9	175.8
Mar	182.7	181.6	183.9	180.5
May	185.8	184.7	187.0	184.1
Jul	188.3	187.5	189.3	187.0
Aug	189.0	188.2	190.3	188.0
Sep	187.5	187.2	188.5	187.5
Oct	185.6	186.0	187.4	185.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	225/6	227/0	227/0	224/6
Mar	237/2	236/6	237/6	235/2
May	244/6	244/0	245/4	242/6
Jul	251/0	250/0	251/6	248/6
Sep	250/6	250/4	252/6	250/0
Dec	250/6	250/0	252/0	249/2
Mar	257/4	256/6	259/4	256/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	247/0	243/4	247/6	242/2
Mar	262/4	259/6	263/4	259/0
May	270/4	268/2	271/0	267/0
Jul	275/2	273/6	276/4	272/4
Sep	281/0	279/4	281/6	278/6
Dec	292/4	291/0	292/6	289/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	79.27	79.07	79.57	79.07
Feb	75.42	76.20	75.85	75.27
Apr	75.87	75.82	76.25	75.72
Jun	73.75	73.72	74.00	73.60
Aug	72.20	72.05	72.55	72.10
Oct	72.17	72.15	72.47	72.15
Dec	73.20	72.90	73.40	73.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	49.00	49.62	49.85	48.95
Feb	47.60	47.77	48.17	47.47
Apr	45.32	45.52	45.95	45.32
Jun	49.12	49.10	49.62	48.90
Jul	49.27	49.15	49.75	49.20
Aug	48.12	49.07	48.40	47.95
Oct	43.45	43.40	43.62	43.45

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	62.65	64.10	64.67	62.55
Mar	62.00	63.15	63.60	61.50
May	62.30	63.22	63.75	61.90
Jul	61.80	62.82	63.20	61.50
Aug	58.90	60.15	61.10	58.90

LONDON STOCK EXCHANGE

Strong rise after Iraq's hostage move

IT WAS hard to find losers on the London stock market yesterday. Iraq's decision to free foreign hostages triggered a sustained rise in London equities, and the advance was underpinned by a stream of encouraging news from the Gatt talks, lower oil prices, some good company results and encouraging comments from the UK chancellor of the exchequer.

Trading opened in good spirits after rises overnight in New York and Tokyo. Crude oil prices continued to slide, a trend which steepened after Iraq's hostage offer. Oil company shares slipped with the crude price, but the effect of their decline was overwhelmed by the ocean of blue on Seaq screens. Of the Footsie's 100 constituents, 86 gained ground, and hopes were high of an even bigger premium for privatised electricity company stocks when trading begins next Tuesday.

Wherever investors turned, there seemed to be good news. Top of the list were unexpected last-minute concessions from the European Community in the protracted Gatt talks in Brussels; similar moves from the US came after the London market closed.

The dollar dipped on the Gulf optimism, continuing the week's downward trend. Its weakness helped the shares of UK exporters. The market's determination to go higher swept aside doubts over the prospects for dollar earners.

Such was the mood of optimism that potentially bearish news, such as an 18 per cent fall in November new car registrations, did not distract buyers. Good figures from Gus, the retailing and property group, and Grand Metropolitan could only help, while disappointing results from Pilkington and Hanson were brushed aside.

The steady flow of positive information helped confidence in itself. The market has become wary in recent weeks of single items of news that trigger what turn out to be unsustained rallies.

Traders took heart from an afternoon statement from Mr Norman Lamont, the chancellor of the exchequer, that he expected inflation to fall to 5.5 per cent in the fourth quarter of 1991.

By that stage in the session, however, attention was beginning to focus on the other side of the Atlantic. Wall Street's response to developments in the Gulf was less euphoric than in London. The Footsie peaked one minute after New York opened and then drifted to close 11.7 off the day's high at 2,177.5, still up 24.9 on balance. Trading volume was good at 556.4m shares, much of it being institutional buying.

This figure was only just above Thursday's level, but in the absence of low margin programme trades and bed and breakfasts (tax-related deals) it represented a much higher level of profitability for many beleaguered securities houses.

London analysts with cautious views were forced yesterday to look to the medium term to justify their positions. Mr Robin Aspinall at Hoare Govett said that the US recession, whose implications had been overshadowed by events in the Gulf, might now affect shares once more. He expected weakness on Wall Street in the next few weeks.

Mr Trevor Laugharne at Kleinwort Benson also sounded a warning note. Downward pressure on UK share prices could come from at least three sources: a rise in German interest rates; the ending of the political honeymoon with Mr John Major, the new UK prime minister; and if the length and depth of the domestic recession returned to the top of the economic agenda.

Account Dealing Dates		
*First Dealings:		
Nov 19	Dec 10	Dec 31
Option Declarations:		
Dec 6	Dec 27	Jan 10
Last Dealings:		
Dec 7	Dec 28	Jan 11
Account Day:		
Dec 17	Jan 7	Jan 21

*New-time dealings may take place from 8.30 am two business days earlier.

Change of mood on Wellcome

RECOMMENDATIONS from securities houses boosted Wellcome, which in the past few days has enjoyed a turnround from its post-results depression. Enthusiasm for the issue was triggered in particular by a change of heart at James Capel, which replaces its long-held bear stance with a buy recommendation. Wellcome rose 30 to 428p.

The main factors underpinning Capel's change of view were the increasing prospects of a solid contribution from Retrovir, the only approved Aids treatment, and the promise of efforts by the new management to cut costs and strengthen R & D, said Mr Robin Gilbert at Capel.

He said that the market was coming round to the view that the gloom following Wellcome's disappointing results last month had been overdone.

However, Mr Paul Woodhouse at Smith New Court, which retains its sell recommendation on Wellcome, felt otherwise. The market was depressed by the company's fundamentals and it will "once again remember the way it read the stock a few weeks ago", he said.

Pilkington resists

The market was prepared for the grim mid-term message from Pilkington and, helped by the overall strength of equities. The shares improved 3 to 158p. Analysts described current trading as not very pleasant. There was further weakness to come in the UK, no sign of a Latin American recovery and cost-cutting was being done late in the cycle. The only hope was Germany, they said.

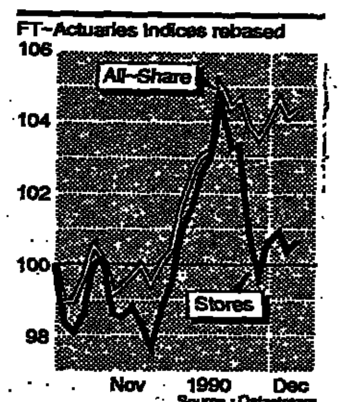
Full year profit estimates were cut to around £190m to £195m from the £225m mark, but researchers were absolute on the dividend rate being maintained at 10½p per share. Yield considerations, combined with speculation that BTR could renew predatory intentions, aided Pilkington's resilience.

GrandMet strong

Grand Metropolitan climbed 19 to 631p after its annual results. Apart from a 26 per cent increase in profit to £919m, the accounts were described as "squeaky clean" by Mr Mike McCarthy at Smith New Court.

Mr John Wakeley at Lehman Brothers said interest in the stock has been stirred up among US investors by the strong performance of US company Pillsbury, which contributed for the full year compared with nine months in 1988-89. Other benefits came from good organic growth in wines, spirits and brewing, and the benefits of cost-cutting at Burger King. The company's positive approach showed through in its increased spending on marketing.

The dollar's weakness should, however, hurt this year's trading profit, although it benefits transatlantic debt and interest payments. In common with other UK companies, property is another area of short-term vulnerability.



The latest gloomy findings in the Confederation of British Industry's distributive trades survey have already been reflected in the performance of the FT-A stores sector index. In November it began to underperform the market as retailers confirmed that trading in the important run-up to Christmas had begun disappointingly. But analysts believe that recession will catch up with other sectors and the prospect of further interest rate cuts will allow the retail group to close the gap on the rest of the market.

Oils move down

A fall in the price of January Brent crude following President Saddam Hussein's decision to free foreign hostages left oil shares lower. Particularly hard hit were the exploration and production companies. Enterprise fell 20 to 614p and Lasmo dropped 18 to 395p, while among the oil majors BP eased 9 to 330p and Shell shed 6 to 451p.

Although many analysts expect the poor fundamentals of the oil market eventually to reassert themselves, there was uncertainty about whether the oil price had seen its best levels. There was even less agreement on the implications for oil shares.

Some believed that the institutions had absorbed too much stock since Iraq invaded Kuwait and were now looking to lighten their holdings. But there was also a widely held view that it was too early to discount a Gulf war and in any case the yield on the oil majors would limit further falls.

Disappointing third quarter results from Smith & Nephew kept a damper on the issue, which closed 4 down at 102p. The results prompted a downgrading from Smith New Court for the full year, with profits estimated at between £137m and £138m against an earlier forecast of £144m. Smith also lowered its forecast for 1991 profits from £157m to between £140m and £145m.

Encouraging news lifted British Aerospace and Rolls-Royce from their recent gloom. Indications that the Rover Group is performing fairly well, with sales down only 8 per cent against 18 per cent for the industry as a whole, painted a brighter picture for BAe, said Mr Sandy Morris at County.

Meanwhile, suggestions that the European Fighter Aircraft project would go ahead, even if the Germans pulled out, helped raise hopes for both BAe and Rolls-Royce. BAe closed 7 ahead at 536p and Rolls-Royce saw a rise of 5 to 158p.

Smiths Industries put in a strong performance, gaining 12 to 220p.

Lucas benefited from the announcement that the company would receive a £90m cash repayment from its pension fund. While the agreement has not been finalised yet, if it goes through, Lucas will be able to reduce its gearing to single-digit figures, said County NatWest. On the strength of yesterday's news Lucas advanced 10 to 143p.

GKN also performed well, rising 10 to 389p in spite of the deteriorating outlook for the motor industry. Mr Morris expressed surprise at GKN's resilience at a time when UK car sales were down 18 per cent and Continental car markets show signs of weakening.

Demand for Beazer caught the market out and the stock rose sharply while traders balanced their book positions. New York arbitrageurs initiated the movement after seeing revived interest overnight in the company's American Depository Receipts.

Chairman Mr Brian Beazer has hosted presentations this week to US investment institutions. The shares closed 13 up at 96p.

The addition of Grand Metropolitan's figures to other solid results from brewers, including Bass's 15 per cent advance on Wednesday, confirmed the view that the sector is proving relatively resilient to the slowdown in the UK economy. While both GrandMet and Bass, which gained a further 10 to close at 1036p, sounded notes of caution about current trading, the picture is one of curtailed growth rather than the profit falls of, say, the building-related stocks.

Positive assessments in the wake of first half results boosted shares of Siebe 22 to 327p. BZW and County NatWest both labelled the stock a buy, the former on the basis that everything was under control and that it expected the shares to rally in the short term. County believed fears had been somewhat allayed and that the low rating provided further upside potential. Hoare Govett thought the stock undervalued.

For Avon Rubber, however, there was no respite. The profits warning from competitor Pirelli added to the group's troubles, highlighted on Wednesday by poor results, and the shares dropped 8 further to the year's low of 224p.

GEC remained unchanged at 173p after heavy trading, partly related to a "bed and breakfast" job. Shares sold the previous afternoon were bought back this morning in a tax-related move. Sentiment remained mixed after the held dividend and cautious trading statement.

One of the ruffles in GEC waters is the Ferranti Defence Systems business bought for £270m in January. GEC has since argued that the price was too high and asked for a refund from Ferranti International. Ferranti weakened to 11p, a loss of 3¼.

Cable and Wireless gained 17 to 478p, helped by US interest.

Kwik Save rose 13 to 468p after Kleinwort Benson raised its profit estimate for next year by £2m to £116m. Strong earnings growth and its low risk made it a buy, Kleinwort said.

Proteus International, which specialises in computer-aided drug design, responded to the successful conclusion of initial research towards the development of a synthetic vaccine against BSE (mad cow disease). A synthetic vaccine would eliminate any danger of infectious material passing into the food chain, as may happen with a naturally prepared vaccine, said Proteus. The shares rose 18 to 101p.

In the leisure sector, stocks mainly followed the market upwards. One of the exceptions was Carlton Communications. Its recent rally was brought to a halt by profit-taking ahead of results due next week.

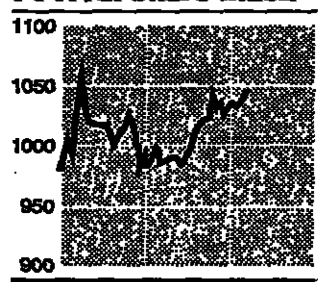
While the recovery in confidence in the past couple of weeks was fanned by Henderson Crosthwaite, it was Kleinwort Benson which called a halt yesterday morning. Caution ahead of the figures focuses on the manufacturing operations, seen as vulnerable to UK recession.

Unit trust group M & G extended its recovery, still on perceptions of an improved rating following Monday's impressive annual results. The stock closed 385p, up 10 more for a four-day gain of 37.

Caledonia Investments also attracted fresh support and rose 6 to 337p. Kleinwort Benson rates the shares a buy, saying the current environment is ideal for this highly liquid vehicle. It stands at a discount of 30 per cent to our estimate of the net asset value per share and offers excellent long-term value, adds Kleinwort.

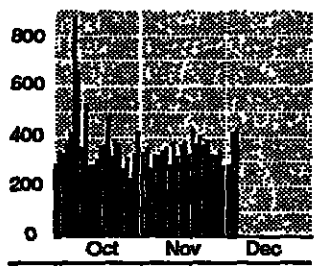
■ Other Market statistics, including the FT-Actuaries share index, Page 26

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (36).
BRITISH FUNDS (4) Treas. 10% 2003 A, Treas. 10% Cnv. 1991, Treas. 8¾% Ln. 1995-98, Treas. 9% Ln. 1992-96, BREWERS (2) Highland Dists., Macdonald Martin A, BUILDINGS (1) Berkeley, CHEMICALS (1) Ransold, ELECTRICALS (1) Borland Intl., FOODS (2) Dalepak Foods, Thorntons, INDUSTRIALS (3) London Intl., Rank Org. Cnv. Red. Prf., Spring Ram, INSURANCE (1) PWS Hldgs., PAPERS (1) Lowe, TRUSTS (6) Gen. Cons. Inv. Trust Stepped Prf., New Throg. Inc. (1983), River & Merc. Stepped Prf., Scot. Natl. Tst. Inc., Do. Stepped Prf., Do. zero Div. Prf., WATER (1) Anglian Water, OILS (1) LASMO 9¾% Prf.
NEW LOWS (58).
CANADIANS (1) ECO.1 BREWERS (1) Morland, BUILDINGS (8) Freeman, Hewetson, NSM, Torax Hire, Turriff, Westminster Bldg., STORES (1) Wickes, ELECTRICALS (7) Control Tech., Ferranti Intl., Learmonth & Burchett, Microvitec, Mlaya, P-E Intl., Riva, ENGINEERING (1) Hall Eng., INDUSTRIALS (12) Avon Rubber, BBS, Barry Wehmiller, Brown & Tawse, Computer People, Cont. Stationery, Dyson (J. & J.) A, Fobel Intl., Hewitt (J.), Kleen-E-Ze, MITIE, Porth, LEISURE (1) Invicta Sound, MOTORS (2) ERF, Jessups, PAPERS (2) TMD Advertising, VTR, Waverley Cameron, TRANSPORT (2) Clarkson (Horace), Turnbull Scott, TRUSTS (4) Cons. Venture Tst., Personal Assets, Turkey Tst., Do. Warrants, OILS (8) Ambrit Intl., Aran Energy, Ex. Co. Louisiana, Intl. Petroleum, Premier Cons., Richmond Oil & Gas, MINES (18) ACM Gold, Bougainville 1 Kina, Cluff Oil Warrants, Doornfontein, Homestake Mining, Kidston Gold Mines, Monarch Res., Rand Mln. Props., Vaal Reefs., Western Areas, THIRD MARKET (1) Hartley Baird.

FINANCIAL TIMES STOCK INDICES

	Dec 6	Dec 5	Dec 4	Dec 3	Nov 30	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	83.04	82.68	82.58	82.56	82.58	83.02	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.53	90.37	90.13	90.13	90.23	92.27	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1717.9	1689.6	1681.6	1695.3	1682.8	1850.9	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	151.0	154.3	152.3	157.6	160.2	297.3	378.5 (8/2)	151.0 (6/12)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2177.5	2152.6	2146.3	2162.7	2149.4	2346.7	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	1003.35	978.48	967.76◆	973.55	958.80	-	1003.35 (6/12)	948.31 (27/11)	1003.35 (6/12/90)	948.31 (27/11/90)
Ord. Div. Yield	5.63	5.68	5.72	5.68	5.73	4.51				
Earning Yld %(full)	11.74	11.89	11.97	11.89	12.00	11.23				
P/E Ratio(Net)(☆)	10.29	10.16	10.09	10.16	10.07	10.78				
SEAQ Bargns 4.45pm	24,560	19,726	22,457	22,422	21,872	26,622				
Equity Turnover(£m)†	-	1002.25	955.60	684.81	658.41	997.31				
Equity Bargains†	-	17,929	21,029	20,993	19,517	30,974				
Shares Traded (ml)†	-	436.2	414.0	286.0	283.8	419.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31-6-90. ☆ Nil 10.12 ◆Recalculated

Ordinary Share Index, Hourly changes Day's High 1729.1 Day's Low 1701.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1702.7	1702.5	1704.5	1706.5	1721.6	1720.9	1723.6	1725.6	1719.6

FT-SE, Hourly changes Day's High 2190.2 Day's Low 2162.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2164.2	2163.4	2166.9	2168.4	2178.2	2181.5	2181.9	2185.8	2180.3

FT-SE Eurotrack 100, hourly changes Day's High 1006.96 Day's Low 989.38

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
991.10	991.52	991.72	994.06	1001.25	1004.19	1005.30

GILT EDGED ACTIVITY

Indices*	Dec 5	Dec 4
Gilt Edged Bargains	100.4	113.7
5-Day average	124.0	136.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	1,000	119	+5	Cookson	1,500	111	-2	MEPC	868	322	+4	Smith & Nephew	4,600	101½	-4
ASDA Group	2,100	129	+1	Courtaulds	2,200	336	+8	Manpower	4,500	50	+1	SmKl Beecham	1,400	605½	+8½
Abbey National	2,000	279	+4	Dalgety	738	356	+2	Marks & Spencer	5,800	234½	+6½	SmKl Beecham Uts	170	3538	+58
Allied-Lyons	1,300	485	+7	Dixons	1,200	144	+1	Maxwell Comms	387	154	+1	Smiths Inds	1,100	232	+12
Amstrad	516	68½	+½	ECC Group	1,200	327	+6	Midland Bank	3,200	204	+5	South West Water	178	281	+3
Anglian Water	693	277	+7	Enterprise Oil	2,300	614	-20	NatWest Bank	4,100	280	+10	Southern Water	474	239	+3
Argos	710	249		FKI	1,000	52	+1½	Next	2,400	20	-2	Standard Chartd	277	285	+8
Argyll Group	2,600	257	+4	Ferranti	4,000	11	-3¼	North West Water	2,000	287	+6	Storehouse	1,800	115	+2
Ass Brit. Foods	45	399		Fisons	2,800	382½	+3	Northern Foods	825	352	+2	Sun Alliance	3,400	308	+10
BAA	1,000	414	+9	Gen. Accident	685	480	+3	Northumbrian Water	184	287	+3	Sun Life	2,900	1136	+35
BAT Inds	3,200	596	+3	General Elect	18,000	173		Pearson	583	665	+4	T&N	481	156	+7
BET	2,800	165	+5	Glaxo	3,700	682	+4	P & O	1,000	520	+8	TI Group	438	402	+3
BICC	441	345	+9	Glynwed Int.	574	229	+3	Pilkington	9,800	158	+3	TSB	8,200	138	+2½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barton	1,600	88		Legal & General	2,800	389	-8	Sears	2,300	88	+1	Williams Hldgs	967	229	+4
Cable & Wire.	8,500	478	+17	Lloyds Abbey	865	344	+1	Sedgwick	285	243	+2	Willis Corroon	865	262	+1
Cadburys	2,500	377½	+2½	Lloyds Bank	1,800	294	+10	Severn Trent Water	3,200	233	+3	Wimpey	389	205	+2
Calor Group	645	232	+10	LASMO	3,200	395	-18	Shell Transport	5,000	451	-6	Yorkshire Water	308	271	+7
Carlton Comms.	1,600	351	-13	Lonrho	1,700	227	+7	Siebe	1,400	327	+22				
Coats Viyella	1,100	118	+4	Lucas	5,900	143	+10	Slough Ests	283	228	+2				
Comm. Union	932	484	+9	NB Caradon	489	189	+5	Smith (W.H.) A	709	380	-4				

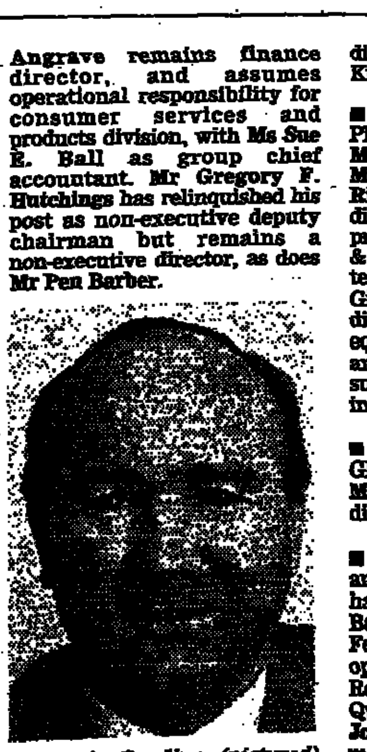
Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

APPOINTMENTS

Chairman of BTR Nylex

■ Mr Alan Jackson becomes chairman of BTR NYLEX on January 1 succeeding Mr John Cahill who is retiring. On the same date he also succeeds Mr Cahill as managing director and chief executive of BTR. Mr Jackson is succeeded as managing director of BTR Nylex by Mr Graeme Pearson who was director and chief executive, group operations, responsible for day-to-day worldwide activities of BTR Nylex.

■ MOSAIC INVESTMENTS has made the following changes: Mr David J. Williams (pictured) has been appointed executive deputy chairman, with continuing responsibility for corporate development, acquisitions, and investor relations. Mr Brian R. Disbury becomes executive chairman, relinquishing his post as chief executive, while retaining operational responsibility for the industrial products division, with Mr R.L. Black as divisional director. Mr Leon F. Angrave remains finance director, and assumes operational responsibility for consumer services and products division, with Ms Sue E. Ball as group chief accountant. Mr Gregory F. Hutchings has relinquished his post as non-executive deputy chairman but remains a non-executive director, as does Mr Pen Barber.



Mr Ernie Reading (pictured) has been appointed managing director of both Auto Springs, and Tensator, of Newport Pagnell, subsidiaries of C.H. INDUSTRIALS. He was sales director, and succeeds Mr David Nash who has moved to another company.

■ SALOMON BROTHERS INTERNATIONAL, London, has appointed Mr Shigeki Nakajima as vice president responsible for Japanese real estate equity finance. He was director of Japanese business, Knight Frank & Rutley.

■ COUNTY NATWEST PROPERTY has appointed Mr Marc Gilbard, Mr Ian Marcus, Mr Simon Radford and Mr Richard Redmayne as directors. Mr Marcus, previously with UBS Phillips & Drew, will head the property team in corporate finance; Mr Gilbard and Mr Redmayne are directors of County NatWest's equity securities operation; and Mr Radford is a chartered surveyor involved in investment management.

■ THE COLORGRAPHIC GROUP has appointed Mr Alan Macleod as group marketing director.

■ FERRUM HOLDINGS, a UK and Dutch-based company, has appointed Mr Kees Jan Baartmans as chairman of Ferrum Structures and its two operational businesses, Romein Roosendaal Beheer, and Quoteford Engineering. Mr Joop Wekking becomes managing director of Romein, and Mr Cliff Chappell continues as managing director of Quoteford.

■ VAUX GROUP has appointed as a non-executive director Mr David Kinloch, an executive director of Caledonia Investments.

■ BOWTHORPE HOLDINGS has appointed Mr D. Partridge as managing director of subsidiary, Starpoint Electrics, Morden, from January 1. He was deputy managing director. Mr K.G. Smith retires at the end of the year, but continues as non-executive deputy chairman.

■ PROSERV TELEVISION, of Dallas, Texas, has appointed Mr Arthur Jearum as European managing director, based in London. He was head of television sales, BBC.

■ Mr Rohan Worrall has been appointed assistant general manager of THE UNITED BANK OF KUWAIT, London.

The UK division of IRISH LIFE ASSURANCE, based at St Albans, has appointed Mr Stephen Shone (pictured) as assistant general manager, finance and administration. He was financial director of the Prolific Group, and will join the UK board of Irish Life. He replaces Mr Denis Casey who returns to Dublin.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.77	[illegible]
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	5.85	[illegible]
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.08	[illegible]
[illegible]	[illegible]	Treas 10pc Cv '91‡‡	[illegible]	[illegible]	10.09	[illegible]
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	11.04	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.24	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.58	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.16	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992‡‡	[illegible]	[illegible]	8.31	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.60	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.24	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.09	[illegible]
104	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.03	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1993	[illegible]	[illegible]	8.71	[illegible]
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.21	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	12.12	[illegible]
[illegible]	82	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.57	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	12.89	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	9.08	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994‡‡	110	[illegible]	13.18	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.60	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.23	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	11.94	[illegible]
[illegible]	85	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.54	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.56	[illegible]
87	73	Exch 3pc Gas 90-95	[illegible]	[illegible]	3.47	[illegible]
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	10.48	[illegible]

Five to Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108	[illegible]	Treas 12¾pc 1995‡‡	[illegible]	[illegible]	11.89	[illegible]
[illegible]	[illegible]	Treas. 14pc '96	[illegible]	[illegible]	12.63	[illegible]
[illegible]	[illegible]	Treas. 9pc 1992-96‡‡	[illegible]	[illegible]	9.65	[illegible]
[illegible]	[illegible]	Treas 15¼pc 1996‡‡	[illegible]	[illegible]	13.07	[illegible]
[illegible]	[illegible]	Exch 13¼pc 1996‡‡	[illegible]	[illegible]	12.14	[illegible]
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	10.37	[illegible]
[illegible]	[illegible]	Treas 13¼pc 1997‡‡	110	[illegible]	12.05	[illegible]
[illegible]	[illegible]	Exch 10½pc 1997	[illegible]	[illegible]	10.65	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1997‡‡	[illegible]	[illegible]	9.65	[illegible]
[illegible]	[illegible]	Exch 15pc 1997	[illegible]	[illegible]	12.65	[illegible]
[illegible]	[illegible]	Exch. 9¾pc 1998	95	[illegible]	10.26	[illegible]
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	8.24	[illegible]
[illegible]	[illegible]	Treas. 15½pc '98‡‡	[illegible]	[illegible]	12.55	[illegible]
[illegible]	[illegible]	Exch. 12pc 1998	106	[illegible]	11.32	[illegible]
[illegible]	[illegible]	Treas 9½pc 1999‡‡	[illegible]	[illegible]	10.14	[illegible]
[illegible]	[illegible]	Exch. 12¼pc 1999	[illegible]	[illegible]	11.41	[illegible]
[illegible]	[illegible]	Treas. 10½pc 1999	[illegible]	[illegible]	10.64	[illegible]
[illegible]	[illegible]	Conversion 10¼pc 1999	[illegible]	[illegible]	10.56	[illegible]
[illegible]	[illegible]	Conversion 9pc 2000‡‡	[illegible]	[illegible]	9.91	[illegible]
[illegible]	[illegible]	Treas. 13pc 2000	[illegible]	[illegible]	11.60	[illegible]
[illegible]	[illegible]	Treas 10pc 2001	[illegible]	[illegible]	10.44	[illegible]
117	[illegible]	Treas. 14pc '98-01	[illegible]	[illegible]	12.18	[illegible]
[illegible]	[illegible]	Treas 9¾pc 2002	[illegible]	[illegible]	10.38	[illegible]
[illegible]	[illegible]	Treas. 13¾pc 2000-03	[illegible]	[illegible]	11.86	[illegible]
[illegible]	[illegible]	Treas 10pc 2003	[illegible]	[illegible]	10.44	[illegible]
[illegible]	[illegible]	Treasury 10pc 2003 "A"	[illegible]	[illegible]	10.43	[illegible]
[illegible]	[illegible]	Treas. 11½pc 2001-04	[illegible]	[illegible]	11.09	[illegible]
[illegible]	[illegible]	Funding 3½pc '99-04	[illegible]	[illegible]	6.43	[illegible]
[illegible]	[illegible]	Conversion 9½pc 2004	[illegible]	[illegible]	10.28	[illegible]
[illegible]	[illegible]	Conversion 9½pc 2005	[illegible]	[illegible]	10.27	[illegible]

Over Fifteen Years

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas. 12½pc 2003-05	[illegible]	[illegible]	11.10	[illegible]
[illegible]	[illegible]	Treas. 8pc 2002-06‡‡	[illegible]	[illegible]	9.88	[illegible]
[illegible]	[illegible]	Treas. 11¾pc 2003-07	[illegible]	[illegible]	10.94	[illegible]
[illegible]	[illegible]	Treas 8½pc 2007‡‡	[illegible]	[illegible]	9.94	[illegible]
[illegible]	[illegible]	Treas. 13½pc '04-08	[illegible]	[illegible]	11.25	[illegible]
[illegible]	[illegible]	Treas. 9pc 2008‡‡	[illegible]	[illegible]	10.01	[illegible]
[illegible]	[illegible]	Treas 8pc 2009	[illegible]	[illegible]	9.81	[illegible]
[illegible]	[illegible]	Conv 9pc Ln 2011‡‡	[illegible]	[illegible]	10.05	[illegible]
[illegible]	[illegible]	Treas. 5½pc 2008-12‡‡	[illegible]	[illegible]	9.21	[illegible]
[illegible]	[illegible]	Treas. 7¾pc 2012-15‡‡	[illegible]	[illegible]	9.96	[illegible]
[illegible]	100	Exch. 12pc '13-17	[illegible]	+1	10.41	[illegible]

Undated

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Consols 4pc	[illegible]	[illegible]	10.51	
[illegible]	[illegible]	War Loan 3½pc‡‡	[illegible]	[illegible]	10.31	
[illegible]	[illegible]	Conv. 3½pc '61 Aft	[illegible]	[illegible]	5.99	
[illegible]	[illegible]	Treas. 3pc '66 Aft	[illegible]	[illegible]	10.46	
[illegible]	[illegible]	Consols 2½pc	[illegible]	[illegible]	10.39	
[illegible]	[illegible]	Treas. 2½pc	[illegible]	[illegible]	10.47	

BRITISH FUNDS—Contd

Index-Linked

1990 High	1990 Low	Stock	Price £	+ or -	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or -	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5.	£9½	.....	Q28%	2.1	8.8	5.3
303	135	ANZ SA1	138	-1	Q38c	♦	11.0	♦
233	172	Abbey National 10p	229	+4	5.7	4.3	3.3	9.3
*274	128	Allied Irish Ord.	148xd	+1	†Q40%	3.3	6.1	6.7
85	47	Anglo Irish	57	.....	Q17.9%	♦	7.3	♦
93	61	Ansbacher (H.) 1p	62	.....	2.5	1.3	5.4	17.8
£71⅜	£32⅞	Bancaire Cie Fr100	£49¼	+½	Q12½%	–	2.7	–
£22½	£12¾	Banco Bilbao Viz.	£14½	+1½	Q49.1%	2.7	5.6	9.8
286	130	Bank Ireland Ir£1	148xd	+2	Q14.7%	2.9	8.9	5.2
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	.....	†15.0	–	5.7	–
129½	100	Bank Scotland	114	+1	†4.55	3.4	5.3	7.3
100¼	83¼	Do. 9¼pc Irrd Pf	99¼	+1½	9¼%	–	12.4	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	20.2
428	290	Barclays £1	382	+10	†19.57	3.5	6.8	5.3
22	10	Benchmark 20p	11	.....	0.75	–	9.1	–
335	222	Brown Shipley £1	222	.....	‡12.0	2.2	‡	7.1
*435	285	Cater Allen £1	382xd	.....	F24.5	–	8.6	–
179	29	Chancery	44	.....	‡9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£16⅞	+¼	Q18%	–	3.7	–
£13¼	620	Dai Ichi KBk Y50	701	+12	Q17%	6.2	0.5	33.1
£313⅞	£189½	Deutsche Bk DM50	£221⅞	+7⅜	Q28%	–	2.1	–
£20¾	£14⅝	Espirito Santo	£16¼	-¼	Q75c	5.1	2.3	8.4
253	166	First Nat. Fin. 10p	188	.....	13.0	2.1	9.2	6.5
121	82	FNFC 6.3pc Cv Pf	96	.....	6.3%	–	8.7	–
£13¼	633	Fuji Bank Y50	842	+33	†Q17%	6.9	0.4	35.8
325	262	Gerrard & National	311	.....	19.0	–	8.1	–
154	80	Guinness Mahon 10p	88	.....	1.45	♦	2.4	♦
328	194	Hambros 20p	242	.....	†11.5	–	6.4	–
128	88	Do. 7.5pc Cv Pf	99	+1	7½%	–	10.1	–

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
225	135	Airflow Streamlines	140	.....	6.0	3.0	5.7	7.8
190	145	Bostrom 5p	155	.....	†5.75	3.1	4.9	7.0
266	160	Dowty 50p	166	.....	9.0	2.1	7.2	8.0
239	115	FR Group	115	.....	6.37	3.1	7.4	5.9
135	55	Kwik-Fit Hldgs. 10p	76	+2	†2.4	2.3	4.2	14.0
174	102	Lucas Inds.	143	+10	7.0	2.5	6.5	7.0
44	14	Do. Warrants	23½	+2½	–	–	–	–
80	55	Mid-States 10p	55	.....	s20.75	–	1.8	46.1

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY — Contd

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
177	137	Hering Son & Daw 10p	155	.....	†5.75	3.3	4.9	8.2
67	47	HK Land Hldgs 10c.	51	+1	†Q6.15c	♦	6.4	♦
18½	6½	MNOCO 10p	7	.....	–	–	–	–
250	225	Jermyn Invest.	258	.....	3.0	16.9	1.6	4.9
37½	30	Kay City Prop.	30	.....	–	–	–	–
550	443	Land Securities £1	536	+5	†17.0	1.6	4.2	19.6
£91¾	£76¾	Do. 10pc 1st Mt Deb 2025	£85¾	.....	Q10%	–	11.7	–
£91	£76¼	Do. 10pc 1st Db 2030	£84¾	.....	Q10%	–	11.8	–
670	508	Lend Lease 50c	560	−5	Q70c	♦	4.9	♦
£95	£79¼	Lonmet 10¼pc Db 2012	£86½	+½	Q10¼%	–	11.8	–
88½	73	[illegible]	76	−½	8.88%	–	15.6	–
158	8	Lads & Marples 5p	88	.....	6.65	2.9	–	0.4
48	19	Lon. Securities 15p	19	.....	1.5	4.8	10.5	2.5
81	44	Do. 8¼pc (Net) Cv	49	.....	8.25	–	22.4	–
549	413	MEPC	522	+4	19.0	q1.6	5.0	15.8
82	27	Markheath	34	.....	6.0	1.4	23.5	3.0
43	16	Marylebone Ests 5p	16	−1	†3.0	1.4	‡	3.8
*215	6	McInerney 10p	13	−2	103.7%	–	‡	–
175	120	McKay Secs 20p	140	.....	5.8	1.8	5.5	13.2
27	5	Merchant Manf. Ests	5	.....	‡n1.0	–	‡	–
436	193	Merivale Moore 5p	208	.....	10.5	5.0	6.7	4.0
63	8	Merlin Intl Props.	8	.....	2.0	–	–	–
71	20	Middlegate Grp. 1p	22	+2	12.25	3.4	13.6	2.6
50	34	Molyneux Ests.	36	.....	20.5	–	1.9	–
107	34	Moorfield Estate 10p	35	.....	3.75	4.0	14.3	2.3
163	55	Mountleigh	80	.....	4.75	–	7.9	–
94	40	Do. 5.25pc Cnv Pf.	58	−1	5.25%	–	14.0	–

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST — Contd

[illegible]

INVESTMENT TRUST — Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES — Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

[illegible]

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	40 74	41 14	43 76	+0 16	6.26
Gilts & Fixed Int	6	109 0	109.0xd	115 6	-0.1	9 95
High Inc Equity	6	117 6	120 8	128 5	+1 0	4.94
Worldwide Bond	6	190 9	190 9xd	202 4	+0 5	7.41
Capital Growth						
American Growth	6	153 2	153 2	163.8	+1.7	1.17
Asian Pacific	6	96 68	98.80	105 1	+1.3	0.19
Assets & Earnings	6	144 2	147 8xd	157 2	-0.02	3 45
Capital Reserve Acc	0	99 85	99 85	99 97	-0.02	7.14
Capital Reserve Inc	0	83 92	83.92	84.02	-0.58	7 14
Comdty & Energy	6	72 63	72 63	77 67	+0.37	1.27
1992 Enterprise	6	56.27	56.59	60 20	+0.68	3.54
Euro Capital Acc	6	84 62	84 62	90 50	+0.65	1.32
Euro Capital Inc	6	81 25	81 25	86.89	+0.80	1.32
General	6	150 4	150 4xd	160.8	+0 73	3.11
Japan	6	79 70	79.70	85.24	+0.57	0.00
Mastertrust	6	75.94	75 94	81 21	+0.10	3.16
UK Growth Acc	6	135.4	135 4	144 8	+0 08	3.04
UK Growth Dist	6	87 55	87 55	93.63	+0.61	3.04
US Emerging Cos	6	42.73	42.73	45 70	+0.61	0 00
Income & Growth	5	263 5	263 5xd	281.8	+2.6	3 64
Ethical	6	40 89	42 08	44.76	+0.29	2.23
International	6	50 85	50 85	54.38	+0.52	0 92
Dividend & Growth	6	42.09	43.18	45.93	+0.36	4.90
Global Grth & Sec	6	47 14	47 47	50.50	+0.24	1.98

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	24 51	24 51	25 99	+0.17	3 03
Cash	-	50 05	50.05xd	50 05	+0 01	11.67
European	5¼	67 95	67 95	71.98	+0.41	0 00
European Income	5¼	69.83	69.83xd	74.20	+0.33	1.67
Exempt	1	681.7	681.7	704.6	+4.3	3.31

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	70 98	70.98	75.95	+0.68	3.43
Mngd P'folio Acc	6	126.5	126.5	135.4	+1.20	-
UK General	6	102.0	102.0xd	108.6	+0.40	3.49
Conv & General	6	16.58	16.58xd	17.82	+0.04	8.72
European Inc	6	19.14	19.14	20.64	+0.16	0 43
European Acc	6	19.57	19.57	21.10	+0.17	-
Exempt	3	249.8	249.8xd	264.5	+2.38	4 96
Financial	6	108.4	108.4	115.4	+0.50	5.84
German	6	34.32	34.32xd	36.77	+0.33	0 11
High Income	6	60.86	60.86	64.82	+0 46	7.88
Income	6	84.16	87.06	93.59	+0.48	5.75
Int'l Income	6	74.25	74.25	79 08	+0.67	4.87
Int'l Growth ♣	6	22.86	22.86xd	24.46	+0.32	0.24
Monthly Income	6	47.50	48.89	52.07	+0.38	4 80
North American	6	52.95	52.95	56.39	+1.12	0.39
Orient ♣	6	84.59	84.59	90.51	+0 99	-
PEP	5	47.62	47.62	50 00	.....	5.00
Recovery	6	32.81	32.81xd	34 94	+0.06	1.77
Smaller Cos Acc	6	171.3	171.3	184.2	-1.30	-
Smaller Cos Inc	6	103.5	103.5	111.3	-0.60	3.22

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	162.8	162.8	169.3	.....	7.00

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5¼	43.95	43.95	46.16	+0.08	4.90
(Accum Units)	5¼	45.72	45.72	48.46	+0.09	4.90
Fellowship Tst ♥	5¼	49.02	50.01	53.21	+0.16	4.33
(Accum Units) ♥	5¼	52.07	53.12	56.52	+0.17	4.33
General Inc	5¼	240.2	240.2	254.6	+3.3	4.44
(Accum Units)	5¼	425.7	425.7	451.2	+5.9	4.44
Income	5¼	139.2	139.2	147.6	+2.1	5.19
(Accum Units)	5¼	288.9	288.9	306.2	+4.1	5.19
International ♥	5¼	83.14	83.14	88.13	+0.25	0.69
(Accum Units) ♥	5¼	114.9	114.9	121.8	+0.3	0.69
Smaller Co's	5¼	79.37	79.37	84.13	+0.1	3.16
(Accum Units)	5¼	88.93	88.93	94.27	+0.12	3.16
Inv Portfolio ♥	3	45.79	45.79	47.39	+0.52	3.62
(Accum Units) ♥	3	48.67	48.67	50.37	+0.57	3.62
High Income Port ♥	3	40.72	40 72	42.15	+0 44	6.05

Burrage Unit Tst Mangmt Ltd (0905)F

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	46.38	46.77	49.75	+0.41	5.24

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	76.04	76.04	80.72	+0.94	0.52
Income & Growth	5¼	52.55	52.75xd	55.99	-0.37	6.25
European (z)	5¼	50.99	51.30	54.45	+0.33	1 08
Nth American (z)	5¼	30.23	30 23	32.09	+0.41	1 63
Int'l Growth(9-1)	5¼	50 44	51.57	54 74	+0 99	0 92
UK Growth	5¼	45.50	45.90xd	48 72	+0 2	3 55
Int'l Income	5¼	42.75	43 27xd	45.93	+0.17	6.96
High Yield	5¼	40.99	41.54	44.09	+0 07	8.24
Charities	5¼	80.54	81.61xd	86 63	+0.34	7 06
Japan	5¼	32.47	32.47	34.46	+0.31	-

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	58 89	58.89	62.98	+0.58	3.93
UK High Income	6	30 83	30 83	32.97	+0.22	6 13

Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	80 18	81.58	86 79	+0 80	4.36

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries. 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	25.20	25.20xd	26.88	+0 13	1 90
(Accum Units) ♥	5¼	27.13	27.13	28.93	+0.14	1.90
Australian ♥	5¼	136.10	136.90	146 80	..	2.44
(Accum Units) ♥	5¼	156 00	155 80	167.10	-0 10	2.44
Conscience	5¼	42.38	43.28xd	46 18	+0.68	1.69
(Accum Units)	5¼	44 46	45 40	48 45	+0.72	1 69
European	5¼	133 90	133.90	142 80	-0 10	1.09
(Accum Units)	5¼	141 30	141.30	150 70	-0 20	1 09
Extra Income	5¼	57.69	57.69	61.56	+0.63	9 93
(Accum Units)	5¼	76.95	76 95	82 12	+0.83	9.93
Far East Gth Acc ♥	5¼	95 78	95.78	102 30	+2.30	0 30
Gilt & F I.	5¼	50 73	50 73	53.70	-0.01	9.33
(Accum Units)	5¼	103 20	103 20	109 20	..	9 33

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants, SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	106.24	106.93	113.75	+1.07	0.87
Do Accum	6	116.13	116.88	124.34	+1.17	0.87
TSB Brit Growth	6	64.48	65.39	69.56	+0.9	3.91
Do Accum	6	71.29	72.29	76.9	+0.98	3.91
TSB European	6	66.53	66.7	70.95	+0.3	1.26
Do Accum	6	68.94	69.11	73.52	+0.31	1.26
TSB Extra Income	6	141.34	144.41	153.62	+3.05	6.08
Do Accum	6	199.89	204.23	217.26	+4.3	6.08
TSB Smaller Cos	6	37.7	39.51	42.03	+0.14	3.34
Do Accum	6	39.53	41.42	44.06	+0.13	3.34
TSB General	6	198.66	198.66	211.34	+2.67	4.19
Do Accum	6	364.2	364.2	387.44	+4.88	4.19
TSB Equity Income	5	41.34	41.98	43.72	+0.13	9.44
Do Accum	5	72.69	73.81	76.88	+0.22	9.44
TSB Income	6	262.68	267.75	284.84	+3.94	5.67
Do Accum	6	488.94	497.79	529.56	+6.21	5.67
TSB Pacific	6	187.14	187.14	199.08	+0.78	0.5
Do Accum	6	194.72	194.72	207.14	+0.8	0.5
TSB International	6	326.3	326.3	347.12	+4.26	1.65
Do Accum	6	418.55	418.55	445.26	+5.48	1.65
TSB Nat Resources	6	53.62	54.24	57.7	-0.6	1.39
Do Accum	6	58.16	58.84	62.59	-0.6	1.39
TSB Special Opps	6	69.39	70.24	74.72	+1.52	3.93
Do Accum	6	82.81	83.82	89.17	+1.81	3.93
Environmental Inv	6	40.28	40.98	43.59	+0.97	2.73
Do Accum	6	41.2	41.92	44.59	+1	2.73
TSB Selector	6	42.13	42.85	45.58	+0.47	4.63
Do Accum	6	43.41	44.16	46.97	+0.48	4.63
TSB High Income	6	45.51	46.13	49.07	+0.73	6.42
Do Accum	6	45.51	46.13	49.07	+0.73	6.42
TSB Intl Income	6	47.1	47.28	50.29	+0.18	7.06
Do Accum	6	47.1	47.28	50.29	+0.18	7.06
TSB Selector Income	6	45.03	45.54	48.44	+0.41	6.81
Do Accum	6	45.03	45.54	48.44	+0.41	6.81

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 312156

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	61.87	61.87	66.02	+1.02	1.17
Australia	5	5.23	5.230	5.549	[illegible]	4.76
Equity	5	145.5	145.5	156.2	+1.50	4.95
Euro Spec Sits	5	98.17	98.17	105.4	+1.9	0.65
Financial	5	25.47	25.47	27.46	+0.30	5.44

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	97.9	97.9	+0.1	11.03
(Accum Units)	519.0	519.0	+0.7	11.03
NAACIF Dec 5	–	39.7	–	10.12

MIM Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	964.0	1041.0	–	–
Mngd Pens (Acc)	56.9	60.6	–	–

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Nov 30	112.8	120.9	–	3.18
UK Small Co † Nov 30	432.4	473.9	–	2.25
Fixed Interest † Nov 30	100.1	105.2	–	8.40
US Small Co Nov 30	101.9	108.9	–	0.00
Managed Nov 30	96.22	102.2	–	2.56
Intl Bond Nov 30	105.8	111.5	–	8.10
Japan Nov 30	60.21	64.46	–	0.99
European Nov 30	78.75	84.09	–	1.74
Nth American Nov 30	80.02	85.80	–	1.62

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Dec 5	38.9	40.4	–	2.67
Euro Expt Dec 5	47.2	49.5	–	2.45
Fixed Int Ex Dec 5	43.6	44.7	–	10.78
Japan Expt Dec 5	36.0	37.8	–	0.71
Managed Ex Dec 6	38.1	39.6	–	5.05
SE Asia Expt Dec 5	54.5	57.2	–	4.28
Sm Cos Expt Dec 5	28.1	29.5	–	6.09
UK Eqty Ex Dec 5	36.2	38.0	–	4.54

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Dec 5	592.63	634.6	–	5.78
Do Accum	659.2	705.8	–	5.78
Int Expt Dec 5	147.9	150.1	+5.66	3.14
UK Index Dec 5	999.0	1019	–	6.07
Do Accum	1056	1076	–	6.07
Convertible Nov 30	79.70	82.22	–	8.54
World ex UK Indx Dec 3	639.4	648.0	–	3.27
Do Accum	639.4	648.0	–	3.27
Japan Index Dec 3	492.6	499.9	–	0.68
Do Accum	493.5	500.7	–	0.68

Allied Dunbar Assurance Plc – Contd.

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

City of Westminster Assurance (z)
PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU

Eagle Star Insur./Midland Assur.
60 St. Mary Axe, London EC3 071-929 1111

Economic Insurance Company Ltd
London Rd, Sittingbourne, ME10 1PE 0795 424321

Guardian Royal Exchange – Contd.

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 081-440 8210

Merchant Investors Assurance Co Ltd – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	91.0	95.8	+0.9	-
Pension Managed Fd.	87.0	91.6	+0.1	-
Life Deposit Fd	102.6	108.0		-
Pension Deposit Fd.	105.8	111.4	+0.1	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	97.9	103.1	-0.2	-
Managed Growth	119.9	126.3	-0.3	-
Managed Opportunity	114.1	120.2	+0.1	-
NFMC Target Financial.	88.2	92.9	+0.2	-
Pension Funds				
Managed Cautionary	103.7	109.2	-0.1	-
Managed Growth	122.0	128.5	-0.3	-
Managed Opportunity.	115.2	121.3	+0.1	-
NFMC Target Mngt Pen.	1346.5	1417.4	+16.6	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	140.7	148.2	.....	-
UK Equity	146.3	154.1	.....	-
Overseas Equity	111.9	117.8	.....	-
Fixed Interest	132.8	139.8	.....	-
Property	126.4	133.1	.....	-
Index Linked	143.5	151.1	.....	-
Deposit	146.9	154.7	.....	-
With Profits (B)	123.5	130.1	.....	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	310.1	326.5	+3.2	-
UK Equity	391.0	411.6	+4.9	-
Overseas Eq	292.2	307.6	+3.8	-
Americas	218.7	230.3	+5.0	-
Far East	289.7	305.0	+5.8	-
Property	193.5	203.7	+0.1	-
Fixed Int	240.9	253.6	-0.1	-
Indexed Gilt	149.6	157.5	+0.1	-
Deposit	173.3	182.5	+0.1	-
Pension Fund (Accum Units)				
Managed	429.5	452.2	+4.3	-
UK Equity	499.7	526.1	+6.1	-
Overseas Eq	476.3	501.4	+6.3	-
Americas	287.2	302.4	+5.2	-
Far East	485.0	510.6	+8.5	-
Property	240.7	253.4	+0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Property Equity & Life Ass. Co				
Baxter Ave, Southend SS2 6QH 0702 333433				
1st Man Pension Fd.	148.4	156.2	.....	-
Int. Man Crncy Bd Fd		143.8	.....	-
Int Man Crncy Bd Fd(c).		130.4	.....	-
Flexible Prop Bd Fd		199.9	.....	-
Flexible Money Bd. Fd		365.5	.....	-
Special Man. Inc. Fd.		134.0	.....	-
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	138.5	146.0	+1.0	-
Accum Equity	194.5	205.5	+1.5	-
Accum Managed	197.0	208.0	+1.5	-
Accum Five Star	149.5	157.5	.....	-
Accum World	107.5	113.5	+0.5	-
Accum Lifetime	101.4	101.4	+0.4	-
Pens Acc Equity	204.0	215.0	+2.0	-
Pens Acc Managed	229.0	242.0	+2.5	-
Pens Acc Intl	168.5	178.0	+2.0	-
Pens Acc Deposit	187.0	197.5	.....	-
Pens Acc Five Star	157.5	166.5	+0.5	-
Providence Capitol Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc.	197.5	208.4	+1.0	-
UK Fixed Int Acc.	164.3	173.4	+0.8	-
Intl Equities Acc.	151.0	159.3	+0.8	-
UK Managed Acc.	156.9	165.5	+0.6	-
Property Acc.	235.3	248.3	+0.2	-
Money Acc.	123.3	130.1	+0.1	-
Special Market Acc.	117.9	124.4	-0.6	-
Japan Equity Acc.	85.7	90.5	+1.6	-
North American Acc.	83.8	88.5	+0.9	-
Pacific Acc.	73.7	77.8	+0.9	-
Technology Acc	95.5	100.8	+0.1	-
Nat Resources Acc.	52.7	55.6	-0.2	-
European Acc.	91.9	97.0	+0.9	-
Residential Prop Acc.	97.3	102.7	.....	-
Swiss Equities Acc.	32.3	34.1	+0.8	-
Hong Kong Acc.	47.6	50.3	+1.0	-
UK High Inc Eq Acc.	64.1	67.7	+0.8	-
Int Fixed Interest Acc.	52.7	55.6	+0.2	-
Int Managed Acc.	50.7	53.4	+0.1	-
HIP Managed Acc.	98.7	104.1	+0.2	-
HIP Managed II Acc.	87.5	92.2	+0.4	-
Total Investment Bond				
UK Equity Initial		135.2	+0.6	-

	Bid Price	Offer Price	+ or -	Yield Gross
Bryan Walls & Partners Ltd				
Paxton Hse, 25 Haymarket, Ldn SW1 071-930 8228				
Schroder Pen Fd	126.8	133.4	+0.1	-
Target Pen Fd	62.3	65.6	.....	-
Target Bond Fd	86.8	91.4		-
Cameron Law & Company Ltd				
148/149 Gt Charles St, Birmingham B3 021 200 3132				
Moneymaker Mngd.	132.9	139.9		-
Moneymaker Spec Sits	63.3	66.6	+0.3	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED**)

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Grs
M & G (Guernsey) Ltd				
Island Global Fd	1899 7	903.9	+10 4	0 87
Merrill Lynch Guernsey				
Bangkok NAV Dec 4	558 64			–
Iberia Portfolio NAV	99 64			–
MM Financial Mgmt Intl Ltd				
Mixed Currency (Susp)	£–	–		–
MM Portfolio Selection Fund Ltd (Suspended)				
Conscience	£–	–		–
Far East Gwth	$–	–		–
Smaller Co's	£–	–		–
Special Sits	£–	–		–
Intl Bond	$–	–		–
American Fund	$–	–		–
American Smaller Cos	$–	–		–
Australian Fund	£–	–		–
British Fund	£–	–		–
Eurobond Fund	£–	–		–
Gold Fund	£–	–		–
Hong Kong Fund	£–	–		–
International Fund	£–	–		–
Japanese Fund	£–	–		–
Japan Smaller Cos	£–	–		–
Singapore & Malaysian	£–	–		–
Dollar Fixed Interest	$–	–		–
Sterling Fixed Int	£–	–		–
Deutschmark Currency	DM–	–		–
Dollar Currency	$–	–		–
Sterling Currency	£–	–		–
Yen Currency	Y–	–		–
Managed Currency	£–	–		–
Nikko Capital Mgmt (Europe) Ltd				
Japan Index Fund	Y2.477	2.502		–
New Generation Fd $	$22.48	22.72		–
Japan Index Alpha	Y7.634	7.748		–
Jap Sector Rotation	Y6.399	6.489		–
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	129.5	129 9	+0.2	10.82
Managed Dollar	$14.22	14.26	+0 4	7 61
Sterling Deposit	100 0	100.0		10.37
Dollar Deposit	$10 00	10.00		–
DM Deposit	DM50.43	50 62	+0 06	6.19
SWFr Deposit	SFr50.00	50.00		–

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (2000)F						
PO Box 63, Bond Street, St Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1.115	1.115	1 184	[illegible]	9.85
Offshore High Yield	3½	£1 443	1.443	1 503	[illegible]	14 47
Global Equity Fund	5½	$13.35	13.35	14 28	+0.13	1.33
European Equity	5½	[illegible]	16.55	17.70	+0.19	1.33
UK Growth (CI Fund)	5½	£4 162	4.162	4 453	[illegible]	3.36
Nth American Eqty	5½	$8.791	8 791	9.361	[illegible]	1.08
Far Eastern Eqty	5½	[illegible]	8.724	9.330	[illegible]	1.50
Intnl. Bond Fund						
Sterling Managed	5½	£10.15	10.15	10.83	+0.02	8.78
US Dollar Managed	5½	$13 50	13.50	14.39	+0 01	6.52
International Currency Fund						
Sterling Managed ‡	5½	£24.62	24.62	26.05	-0.01	–
US Dollar Managed ‡	5½	$28.87	28 87	30.55		–
Sterling ●‡	0	£23.59	23.59	23.59	+0 01	13.71
US Dollar ●‡	0	$37.02	37 02	37 02	+0 01	6.72
Deutschmark ●‡	0	[illegible]	57.98	57 98	+0.02	7.03
Japanese Yen ●‡	0	Y4,715	4,715	4,715		6.52
Swiss Franc ●‡	0	[illegible]	45 29	45.29	+0.01	6.97
Irish Punts ●‡	0	I£21.46	21.46	21.46	+0 01	7.66
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195 St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	[illegible]	9.308	9.561	[illegible]	11.73
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 37788						
Intl Chmlt Portfolio	6	87.40	87.40	92 71	+0.38	0.00
Gilt	3	91.46	91.46	94.30	+0.22	12.73
MIM Britannia International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	54 22	54.22	56 63	(z)	11.48
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 79494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103.96	103.96	107 08	+0.06	13.50
Gilt & Fixed Interest	5	100.67	100.69	103 69	[illegible]	11.63
Blue Chip & Gilt Equal	5	44.37	44.37	47.17	+0 10	6.15

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Saddam's move weakens dollar

PRESIDENT SADDAM Hussein's offer to release all foreign hostages held in Iraq and Kuwait encouraged hopes of a peaceful settlement to the Gulf crisis and depressed the dollar yesterday.

Foreign exchange trading was generally quiet, with volume running down ahead of the year-end. Dealers said that the present circumstances suggest the market is likely to become increasingly influenced by technical adjustments unless there is an important new factor, such as an Iraqi withdrawl from Kuwait. Should that not happen, however, the market will become nervous as the United Nations effective withdrawl deadline of January 15 approaches.

The dollar touched a technical support level of DM1.4840, on the latest news from Baghdad, but rallied to close at DM1.4905, compared with $1.5015 previously. It also declined to Y132.25 from Y134.45; to FFr5.0575 from FFr5.0875; and to SFr1.2715 from SFr1.2825. On Bank of England figures the dollar's index fell to 60.9 from 61.4.

Sterling improved against the dollar, and showed a slightly firmer tone within the European Monetary System. Its exchange rate index closed unchanged at 93.6. Mr Norman Lamont, UK chancellor of the exchequer, told parliament in London that "economic policy continues to be the same". He added that no risks will be taken with inflation or the exchange rate.

The pound rose 1.55 cents to $1.9395. It remained the weakest member of the EMS exchange rate mechanism but rose slightly to DM2.8900 from DM2.8875 and to FFr9.8000 from FFr9.7875. Sterling was unchanged at SFr2.4675 and fell to Y256.50 from Y258.75 against a generally firmer Japanese yen.

Profit-taking after the D-Mark's recent rise pushed the German currency down to Y88.80 from Y89.55 against the yen, but the D-Mark remained well supported by interest rate factors. The present high level of interest rates in Frankfurt has led to speculation that the Bundesbank may tighten its monetary stance again at next week's council meeting.

In Paris the D-Mark was fixed at its highest level since February, rising to FFr3.3907 from FFr3.3851. At the London close it had climbed to FFr3.3920. Dealers were surprised to see no direct intervention by the Bank of France, but noted that one large state-owned French bank was actively selling D-Marks.

Pressure also increased on the Italian lira. The D-Mark rose to L753.45 from L752.09 at the Milan fixing, prompting intervention by the Bank of Italy. The central bank sold DM200m and Ecu10m at the fixing. The French franc was fixed little changed at L222.19, compared with L222.16, indicating that any build up of pressure in the ERM is mainly the result of the D-Mark's strength.

£ IN NEW YORK

Dec.6	Latest	Previous Close
£ Spot	1.9390-1.9400	1.9265-1.9275
1 month	0.94-0.92pm	0.94-0.93pm
3 months	2.57-2.54pm	2.65-2.55pm
12 months	7.89-7.79pm	7.96-7.91pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.6	Previous
8.30 am	93.6	93.7
9.00 am	93.6	93.7
10.00 am	93.7	93.7
11.00 am	93.6	93.7
Noon	93.7	93.8
1.00 pm	93.6	93.7
2.00 pm	93.7	93.5
3.00 pm	93.6	93.6
4.00 pm	93.6	93.6

CURRENCY MOVEMENTS

Dec 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.6	-18.8
U S Dollar	60.9	-17.5
Canadian Dollar	101.4	-0.1
Austrian Schilling	110.7	+12.6
Belgian Franc	112.2	-1.8
Danish Krone	111.4	+5.5
D-Mark	120.8	+26.4
Swiss Franc	115.0	+23.1
Dutch Guilder	115.8	+17.1
French Franc	105.4	-11.4
Lira	100.2	-19.2
Yen	132.0	+64.2

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100) **Rates are for Dec. 5.

CURRENCY RATES

Dec 6	Bank rate %	Special* Drawing Rights	European† Currency Unit
Sterling	-	0.737317	0.708334
U S Dollar	7	1.42833	1.37240
Canadian $	12.82	1.66058	1.59404
Austrian Sch	6½	15.0175	14.3937
Belgian Franc	10½	44.1818	42.3384
Danish Krone	10½	8.21433	7.86727
D-Mark	6.00	2.13536	2.04391
Dutch Guilder	7.25	2.40745	2.30590
French Franc	10¼	7.22449	6.93129
Italian Lira	12½	1605.58	1539.83
Japanese Yen	6	190.611	181.939
Norway Krone	8	8.35716	8.00519
Spanish Peseta	-	136.234	130.680
Swedish Krona	11	8.01293	7.68268
Swiss Franc	6.00	1.82326	1.74294
Greek Drach	20½	218.316	211.253
Irish Punt	-	0.802903	0.766874

† European Commission Calculations.
* All SDR rates are for Dec. 5

OTHER CURRENCIES

Dec 6	£	$
Argentina	9563.85 - 9626.90	4940.00 - 4970.00
Australia	2.5170 - 2.5190	1.2995 - 1.3005
Brazil	281.30 - 281.80	145.30 - 146.30
Finland	6.9195 - 6.9430	3.5775 - 3.5825
Greece	296.85 - 300.80	153.35 - 155.81
Hong Kong	15.1315 - 15.1460	7.8035 - 7.8055
Iran	124.80*	63.50*
Korea(Sth)	1366.30 - 1388.35	711.20 - 716.80
Kuwait	N/A	N/A
Luxembourg	59.90 - 60.00	30.85 - 30.95
Malaysia	5.2255 - 5.2380	2.6995 - 2.7015
Mexico	5694.00 - 5724.00	2941.00 - 2951.00
N Zealand	3.2225 - 3.2275	1.6670 - 1.6690
Saudi Ar.	7.2030 - 7.2570	3.7490 - 3.7510
Singapore	3.3245 - 3.3325	1.7165 - 1.7185
S Af (Cm)	4.8685 - 4.8815	2.5150 - 2.5165
S Af (Fn)	6.6640 - 6.7815	3.4360 - 3.4965
Taiwan	52.65 - 52.75	27.20 - 27.25
U.A.E.	7.0315 - 7.1315	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.680	-2.21	3.94	39
D-Mark	2.05586	2.04391	-0.58	2.23	38
Dutch Guilder	2.31643	2.30590	-0.45	2.10	23
Belgian Franc	42.4032	42.3384	-0.15	1.80	8
Irish Punt	0.767417	0.766874	-0.07	1.71	4
Italian Lira	1538.24	1539.84	0.10	1.53	-4
Danish Krone	7.84195	7.86727	0.32	1.31	-14
French Franc	6.89509	6.93129	0.53	1.11	-28
Sterling	0.696904	0.708334	1.64	0.00	-31

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9265 - 1.9430	1.9390 - 1.9400	0.94-0.92cpm	5.75	2.56-2.53pm	5.25
Canada	2.2425 - 2.2565	2.2525 - 2.2535	0.38-0.31cpm	1.84	0.88-0.76pm	1.46
Netherlands	3.2525 - 3.2680	3.2525 - 3.2625	1¼-1⅛cpm	4.83	3⅜-3¼pm	4.07
Belgium	59.60 - 60.05	59.90 - 60.00	24-18cpm	4.20	58-48pm	3.54
Denmark	11.1000 - 11.1655	11.1325 - 11.1425	3¾-3⅛orepm	3.77	8¾-7⅜pm	2.90
Ireland	1.0800 - 1.0930	1.0840 - 1.0850	0.20-0.15ppm	1.94	0.75-0.63pm	2.54
Germany	2.8855 - 2.8940	2.8875 - 2.8925	1¼-1⅛pfpm	4.93	2⅞-2¾pm	3.89
Portugal	253.95 - 256.20	254.10 - 255.10	2-33cdis	-0.82	108-169dis	-2.18
Spain	184.20 - 185.75	184.40 - 184.70	4-13cdis	-0.55	44-57dis	-1.09
Italy	2174.60 - 2185.85	2177.50 - 2178.50	3½-2½lirepm	1.62	7-5¾pm	1.14
Norway	11.3020 - 11.3715	11.3350 - 11.3450	2⅞-2orepm	2.58	5⅜-4½pm	1.81
France	9.7870 - 9.8155	9.7950 - 9.8050	3⅜-3⅛cpm	4.06	7⅞-7½pm	3.11
Sweden	10.8400 - 10.9050	10.8650 - 10.8750	¼pm-⅝oredis	-0.21	2⅜-4⅛dis	-1.20
Japan	255.75 - 259.55	256.00 - 257.00	1¼-1⅛ypm	5.56	3⅝-3¼pm	4.97
Austria	20.30 - 20.39	20.30 - 20.33	9-7⅝gropm	4.91	16½-14¼pm	3.03
Switzerland	2.4625 - 2.4725	2.4625 - 2.4725	1⅛-1cpm	5.17	2⅞-2¾pm	4.56
Ecu	1.4030 - 1.4125	1.4055 - 1.4065	0.46-0.42cpm	3.76	1.04-0.99pm	2.89

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.55-4.50cpm. 12 Month 7.85-7.75cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9265 - 1.9430	1.9390 - 1.9400	0.94-0.92cpm	5.75	2.56-2.53pm	5.25
Ireland†	1.7755 - 1.7925	1.7875 - 1.7885	0.29-0.24cpm	1.78	1.25-1.15pm	2.68
Canada	1.1605 - 1.1635	1.1615 - 1.1625	0.37-0.39cdis	-3.92	1.10-1.14dis	-3.86
Netherlands	1.6750 - 1.6925	1.6795 - 1.6805	0.12-0.15cdis	-0.96	0.50-0.54dis	-1.24
Belgium	30.85 - 31.80	30.85 - 30.95	3-5cdis	-1.55	12-16dis	-1.81
Denmark	5.7300 - 5.7700	5.7400 - 5.7450	0.85-1.05oredis	-1.99	3.15-3.75dis	-2.40
Germany	1.4840 - 1.5025	1.4890 - 1.4900	0.12-0.14pfdis	-1.05	0.49-0.52dis	-1.36
Portugal	131.50 - 132.35	131.50 - 131.60	65-75cdis	-6.39	230-260dis	-7.45
Spain	95.00 - 95.90	95.20 - 95.30	48-52cdis	-6.30	147-155dis	-6.34
Italy	1119.00 - 1130.00	1122.75 - 1123.25	3.50-4.00liredis	-4.01	11.30-12.30dis	-4.20
Norway	5.8200 - 5.8895	5.8450 - 5.8500	1.40-1.75oredis	-3.23	4.85-5.35dis	-3.49
France	5.0370 - 5.0860	5.0500 - 5.0550	0.71-0.76cdis	-1.75	2.70-2.80dis	-2.18
Sweden	5.5880 - 5.6320	5.6025 - 5.6075	2.60-2.95oredis	-5.94	8.80-9.55dis	-6.55
Japan	131.15 - 134.60	132.25 - 132.35	0.02-0.04ydis	-0.27	0.07-0.10dis	-0.26
Austria	10.4620 - 10.5475	10.4775 - 10.4825	0.60-1.20grodis	-1.03	2.30-3.50dis	-1.11
Switzerland	1.2670 - 1.2805	1.2715 - 1.2725	0.06-0.09cdis	-0.71	0.24-0.29dis	-0.83
Ecu	1.3690 - 1.3810	1.3705 - 1.3715	0.24-0.22cpm	2.01	0.84-0.82pm	2.42

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅛ - 14⅛	14⅛ - 14⅛	14⅛ - 14⅛	13⅝ - 13½	13 - 12⅞	12⅞ - 12⅞
US Dollar	7⅝ - 7⅛	7⅞ - 7⅞	8⅛ - 8⅛	8⅛ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
Can. Dollar	12⅛ - 12	12⅛ - 12	12⅛ - 11⅞	12⅛ - 11⅞	11⅝ - 11½	11½ - 11⅜
Dutch Guilder	8⅜ - 8⅛	8⅝ - 8½	8⅝ - 8½	8⅞ - 8⅞	9⅛ - 9	9⅛ - 9⅛
Swiss Franc	8⅝ - 8½	8⅝ - 8½	8⅞ - 8⅞	8⅝ - 8⅝	8⅞ - 8⅞	8⅞ - 8⅞
D-Mark	8⅞ - 8⅞	8⅝ - 8½	9⅛ - 9⅛	9⅛ - 9⅛	9⅝ - 9⅛	9⅝ - 9⅛
French Franc	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅛	10⅛ - 10	10⅛ - 10⅛	10½ - 10⅜
Italian Lira	12 - 11	12⅜ - 11⅞	12⅜ - 11⅞	12⅜ - 11⅞	12⅜ - 11⅞	12⅛ - 12
Belgian Franc	9⅛ - 9	9⅜ - 9⅛	9⅞ - 9⅞	9⅝ - 9⅝	9⅞ - 9⅝	10 - 9⅞
Yen	8⅛ - 8	8⅛ - 8⅛	8⅞ - 8⅞	8⅜ - 8⅛	8⅜ - 8⅛	8⅛ - 8⅛
Danish Krone	9⅝ - 9½	9⅝ - 9½	10⅛ - 10	10⅜ - 10⅛	10½ - 10⅛	10⅝ - 10½
Asian $Sing	7⅞ - 7⅝	7⅝ - 7½	8⅛ - 8⅛	8⅛ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅝

Long term Eurodollars: two years 8⅛-8⅛ per cent; three years 8⅛-8⅛ per cent; four years 8⅝-8½ per cent; five years 8⅛-8⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.940	2.890	256.5	9.800	2.468	3.258	2178	2.253	59.95
$	0.515	1	1.490	132.2	5.052	1.272	1.679	1123	1.161	30.90
DM	0.346	0.671	1	88.75	3.391	0.854	1.127	753.6	0.780	20.74
YEN	3.899	7.563	11.27	1000.	38.21	9.622	12.70	8491	8.784	233.7
F Fr.	1.020	1.980	2.949	261.7	10.	2.518	3.324	2222	2.299	61.17
S Fr.	0.405	0.786	1.171	103.9	3.971	1	1.320	882.5	0.913	24.29
H Fl.	0.307	0.595	0.887	78.73	3.008	0.758	1	668.5	0.692	18.40
Lira	0.459	0.891	1.327	117.8	4.500	1.133	1.496	1000.	1.034	27.53
C $	0.444	0.861	1.283	113.8	4.350	1.095	1.446	966.7	1	26.61
B Fr.	1.668	3.236	4.821	427.9	16.35	4.117	5.435	3633	3.758	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
LIFFE US TREASURY BOND FUTURES OPTIONS
LIFFE BUND FUTURES OPTIONS
LIFFE EUROMARK OPTIONS
LIFFE EURODOLLAR OPTIONS
LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
US TREASURY BONDS 8%
6% NOTIONAL GERMAN GOVT. BOND
6% NOTIONAL LONG TERM JAPANESE GOVT. BOND
THREE MONTH STERLING
THREE MONTH EURODOLLAR
THREE MONTH EUROMARK
THREE MONTH ECU
FT-SE 100 INDEX £25 per full index point

	Latest	High	Low	Prev.
Dec				2183.0
Mar				2219.0
Jun				2252.0

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9395	1.9302	1.9141	1.8943	1.8615

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.9370	1.9396	1.9330	1.9212
Mar	1.9112	1.9146	1.9060	1.8964
Jun	-	1.8950	-	1.8764

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
JAPANESE YEN (IMM)
DEUTSCHE MARK (IMM)
U.S. TREASURY BILLS (IMM)
THREE-MONTH EURODOLLAR (IMM)
SWISS FRANC (IMM)
STANDARD & POORS 500 INDEX
PHILADELPHIA SE £/$ OPTIONS
10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES
OPTION ON LONG-TERM FRENCH BOND (MATIF)
THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int.
March	89.88	89.92	+0.02	89.96	89.87	10.08	15,383
June	89.91	89.98	+0.05	90.03	89.91	10.02	2,692
September	89.92	90.00	+0.05	90.00	89.92	10.00	1,406

Estimated volume 7,791 Total Open Interest 33,181

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
December	1695.0	1710.0	+33.0	1726.0	1691.0	7,184
January	1705.0	1718.0	+33.0	1733.0	1702.0	365
February	1715.0	1715.0	+22.0	1715.0	1715.0	210
March	-	-	-	-	-	0

Estimated volume 9,331 Total Open Interest 7,759

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptns.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Conflicting factors

WHOLESALE INTEREST rates were little changed in London under the conflicting influences of firm German rates and news that Iraqi President Saddam Hussein has apparently offered to free all foreign hostages.

Three-month sterling interbank was quoted at 13⅞-13⅞ per cent against 13⅝-13⅞ and 12-month money was steady at 12⅞-12⅞ per cent.

Comments by Mr Norman Lamont, UK chancellor of the exchequer, boosted sentiment with his forecast of a sharp fall in inflation next year. This helped push March short sterling futures higher on Liffe. The contract opened weaker at 88.00 but closed at 88.17 compared with 88.03 previously.

Credit on the money market was in better supply than on Wednesday. The Bank of England initially forecast a shortage of £650m, but revised this to £700m at noon.

Total help of £649m was provided. Before lunch the authorities bought £283m bills outright, by way of £30m bank bills in band 1 at 13⅞ per cent; £16m Treasury bills in band 2 at 13¾ per cent; and £237m bank bills in band 2 at 13¾ per cent. In the afternoon another £196m bills were purchased, via £3m Treasury bills in band 1 at 13⅞ per cent; £37m bank bills in band 1 at 13⅞ per cent; and £156m bank bills in band 2 at 13¾ per cent. Late assistance of around £170m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury drained £314m, with exchequer transactions absorbing £90m, a rise in the note circulation £140m, and bank balances below target £105m.

In Frankfurt call money was steady at 8.45 per cent, as the Bundesbank's addition of a net DM13.6bn at this week's securities repurchase agreement tender failed to improve significantly the supply of credit. Banks are faced with large repayments of borrowing, via currency swaps, public authorities money and under Lombard facilities, together with payment of about DM6bn for a Federal bond.

This drain of funds is expected to keep call money firm and encourage further Lombard borrowing at 8.50 per cent, putting upward pressure on the rate structure. It was noted that banks were prepared to pay up to 9.15 per cent for funds at the securities repurchase tender.

UK clearing bank base lending rate 14 per cent from October 8, 1990

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.6) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 8⅛	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9½
Fed.funds	7⅞
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	6.68	Three year	7.56
Two month	6.95	Four year	7.71
Three month	7.21	Five year	7.79
Six month	7.20	Seven year	8.07
One year	7.23	10-year	8.14
Two year	7.46	30-year	8.29

Dec.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.40-8.50	9.00-9.20	9.00-9.20	9.00-9.20	9.05-9.25	8.50
Paris	9⅞-9⅞	9⅞-9⅞	9⅞-10⅛	10⅛-10⅛	10⅛-10⅛	9.25
Zurich	7⅝-7⅝	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	9.00-9.15	9.15-9.20	-	9.16-9.24	-	-
Tokyo	8⅛-8⅛	8⅞-8⅞	-	8⅛-8⅛	-	-
Milan	11½-11⅞	13⅝-13⅛	-	13⅛-13½	-	-
Brussels	6.95	9⅛-9⅞	-	9⅞-9⅞	-	-
Dublin	9-9⅛	10⅛-10½	10⅝-10⅛	10⅛-11	11⅛-11⅛	-

LONDON MONEY RATES

Dec 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	14⅜	14⅛	13⅞	13⅛	12⅞
Interbank Bid	13	14⅛	14⅛	13½	12⅞	12⅞
Sterling CDs	-	-	14⅛	13⅝	13	12½
Local Authority Deps.	14⅛	14⅛	14⅛	13½	13	12½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14⅛	14⅛	13⅞	13⅛	-	-
Company Deposits	-	-	13⅞	13⅞	12⅞	12⅞
Finance House Deposits	-	-	14⅛	13⅞	12⅞	12⅞
Treasury Bills (Buy)	-	-	13⅞	12⅞	-	-
Bank Bills (Buy)	-	-	13⅞	13	12⅛	-
Fine Trade Bills (Buy)	-	-	14⅛	13⅞	12⅞	-
Dollar CDs	-	-	8.22	7.93	7.87	7.80
SDR Linked Dep. Offer	-	-	9	9⅛	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8⅛	9	8⅞	8⅞
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	9⅛	10⅛	10⅛	10⅛

Treasury Bills (sell); one-month 13⅞ per cent; three months 12⅞ per cent; six months 12⅛ per cent; Bank Bills (sell): one-month 13⅞ per cent; three months 12⅞ per cent; Treasury Bills; Average tender rate of discount 12.6947 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 1, 1990. Agreed rates for period Dec 26, 1990 to Jan 25, 1991, Scheme I: 14.59 p.c., Schemes II & III: 14.87 p.c. Reference rate for period Nov 30, 1990 to Nov 30, 1990, Scheme IV&V: 13.698 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,413 Set by VIXEN

ACROSS

1 The underworld bring up appropriate personal property (8)
5 Decorative work done bit by bit (6)
9 Persistent roues let off (8)
10 Start again, and write about love first (6)
12 An announcer in tears? (5)
13 The dark horse can make one's hair stand on end! (9)
14 For medicinal use, that's quite plain (6)
16 Confusing lies and contradictions (7)
19 The collier needs a pound to get a drink (7)
21 Pole going about business thought to be lucky (6)
23 Lash a guy taking the painter in a boat (9)
25 Plant a hidden microphone with the backing of the Spanish (5)
26 High-flier who saw his support melt away (6)
27 Potentially charming way of making progress (8)
28 Visitors received in the vaguest sort of fashion (6)
29 The parsimony of the average head! (8)

DOWN

1 Straightforward credit arrangement (6)
2 Mistrust of 24 (9)
3 Means of measuring a sovereign (5)
4 Sent in wrong direction, gets severe (7)
6 Suggestion made by obvious individuals (9)
7 The Greek's a character! (5)
8 Not in favour of stupid contract (8)
11 A little cottage, dark and dank and very old (4)
15 Standard volume that's outstanding (9)
17 Set against dealing so questionably (9)
18 Give voice about twit using a needle (8)
20 A game winger (4)
21 Charge a person taking fruit (7)
22 Drops sound controls (6)
24 React badly when 2 becomes apparent (5)
25 A philosopher's breakfast-food (5)

Solution to Puzzle No.7,412

CHARLESDICKENS / CLIVE PARDIGGLE / TROTTER DUKEDOM / CALEB NOBLELORD / CHINADOLL DUBAI / RADDLES WEMMICK / CHEERYBLE CLARE / BETSEYTROTWOOD

WORLD STOCK MARKETS

AUSTRIA

December 6	Sch	+ or −
Austrian Airlines	2,840	+90
Creditanstalt	3,250	
Erste Allgemeine	22,050	+60
Jungbunzlauer	8,600	+150
Laenderbank	1,410	+55
OeMV	9,100	+150
Perlmooser	1,520	+15
Radex	790	+15
Schoellerbank	1,740	+20
Steyr-Daimler	162	−3
Veitscher Mag	705	+7
Verbund (Br) A	486	+8
Wienerberger	5,170	+130

BELGIUM/LUXEMBOURG

December 6	Frs.	+ or −
ACEC-Union Mle	2,315	+15
Arbed	3,200	+190
B.B.L.	2,430	+20
Bank Intl. a Lux	13,125	+25
Banque Gen. Du. Lux	13,000	
Barco	1,260	+74
Bekaert	7,610	+10
Cement CBR	5,900	+270
Cobepa	5,010	−40
Do. AFV 1	4,980	
Cockerill	144	+12
Colruyt	2,745	+35
Delhaize	5,950	+10
EBES	4,515	+15
Do. AFV 1	4,570	+15
Electrafina	6,190	+20
Fabrique Nat	58	−139
GIB Group	1,100	+18
Do. AFV	1,102	−6

FRANCE (continued)

December 6	Frs.	+ or −
Beghin-Say	682	+11
Do. Certs	568	−11
Bongrain	2,509	+9
Bouygues	464.9	+15
CFAO	379	−1
CGIP	945	+35
CMB Packaging	118.8	+4.3
Canal+	902	+25
Carrefour	3,485	+49
Casino	139.3	+1.3
Cetelem	499	−11
Chargeurs	785	+20
Ciments Fr.	1,060	+35
Club Mediterranee	490	+20.5
Coflexip	375	−2.8
CGE	572	+12
Coparex	580	−40
CCF	172	+6.1
Cred Foncier Fr	918	+38
Cred Lyons (CI)	554	+21
Credit National	1,010	+42
Damart	1,965	+5
Docks de France	3,840	−20
Dollfuss-Mieg	398	+23
Eaux (Cie Gen)	2,300	+34
Ecco	330	+3.5
Elf-Aquitaine	314	−15
Do. Certs	223	−7.5
Essilor-Bertrand	927	−2
Essilor	310	−2
Eter	1,484	+5
Eurafrance	1,430	+69
Eurocom	710	+35
Euro Disneyland	99.9	+1.1
Eurostarche	3,120	+55
Exor	1,313	+12
Finextel	140	+1

GERMANY (continued)

ITALY (continued)

NETHERLANDS

SWEDEN

SWITZERLAND

DENMARK

NORWAY

FINLAND

SPAIN

ITALY

FRANCE

GERMANY

SOUTH AFRICA

JAPAN

AUSTRALIA (continued)

HONG KONG

AUSTRALIA

MALAYSIA

SINGAPORE

CANADA

TORONTO
Closing prices December 5

MONTREAL
Closing prices December 5

Total Sales 5,716,682 shares

INDICES

NEW YORK

DOW JONES	Dec. 5	Dec. 4	Dec. 3	Nov. 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2610.40	2579.70	2565.59	2559.65	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	90.87	90.86	90.99	90.62	93.04 (3/1)	88.44 (24/9)	—	—
Transport	903.67	881.84	872.04	853.00	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.71	212.71	211.77	212.09	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2615.84 (2592.08) Low 2558.42 (2534.65)

STANDARD AND POOR'S	Dec. 5	Dec. 4	Dec. 3	Nov. 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	329.92	326.35	324.10	322.22	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	385.33	381.93	380.05	377.92	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	24.27	23.14	22.53	22.25	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	180.11	178.19	177.07	176.06	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	305.41	302.64	302.60	301.79	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	370.87	364.12	361.32	359.02	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Nov.30	Nov 23	Nov.16	year ago (approx.)
Dow Industrial Div. Yield	4.01	4.06	4.01	3.87

	Nov.28	Nov.21	Nov.14	year ago (approx.)
S & P Industrial div. yield	3.42	3.44	3.39	2.97
S & P Ind. P/E ratio	15.37	15.29	15.47	14.25

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Am T & T	5,081,800	30	− 1/8
Fannie Mae	4,909,000	34 1/4	+ 2 5/8
Citicorp	4,850,800	15 1/4	+ 1 3/8
First Bank	4,589,100	14 1/8	+ 1
Toys R US	3,326,000	22 7/8	− 3/8
Fst. Intr B	3,190,000	25 1/8	+ 3 1/2
BankAmerica	2,939,600	26 1/8	+ 1 5/8
Ahmanson	2,899,700	14 1/2	+ 3/8
Chemical Bkg	2,786,800	13 1/2	+ 1
Am Express	2,418,700	22 3/4	+ 1 3/8

TRADING ACTIVITY

† Volume Millions	Dec. 5	Dec. 4	Dec. 3
New York	205.820	185.820	177.010
Amex	12.896	10.748	10.742
NASDAQ	148.084	124.854	123.810
Issues Traded	2,001	1,993	2,009
Rises	1,064	905	954
Falls	488	633	610
Unchanged	449	455	445
New Highs	31	30	32
New Lows	35	38	29

CANADA

TORONTO	Dec. 5	Dec. 4	Dec. 3	Nov. 30	1990 HIGH	1990 LOW
Metals & Minerals	2738.43	2670.70	2631.46	2586.85	3453.05 (4/1)	2486.60 (8/11)
Composite*	3226.52	3189.76	3162.11	3151.01	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1725.74	1699.06	1679.44	1668.45	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 6	Dec. 5	Dec. 4	Dec. 3	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1323.3	1322.8	1317.8	1324.8	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	619.0	620.8	618.3	617.0	860.8 (5/1)	614.9 (30/11)
AUSTRIA						
Credit Aktien (30/12/84)	467.17	461.92	457.60	461.21	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5069.91	5061.55	5040.83	(u)	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	323.61	322.27	325.14	328.60	388.29 (20/7)	322.27 (5/12)
FINLAND						
Unitas General (1975)	(c)	414.0	415.6	416.6	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	442.75	438.06	433.00	431.14	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1693.52	1660.44	1646.53	1644.87	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	643.88	631.35	625.06	633.24	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1827.8	1793.8	1774.8	1798.3	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1504.62	1470.96	1446.34	1462.58	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3126.79	3066.23	3020.84	3020.17	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1211.41	1193.66	1198.57	1205.86	1893.18 (22/1)	1193.66 (5/12)
ITALY						
Banca Com. Ital. (1972)	538.18	527.71	521.22	516.24	763.52 (14/6)	500.67 (29/11)
JAPAN						
Nikkei (16/5/49)	22553.10	22193.72	21862.61	22725.99	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1667.80	1639.13	1622.65	1671.22	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	2767.39	2763.32	2800.95	2855.44	4477.16 (16/7)	2763.32 (5/12)
MALAYSIA						
KLSE Composite (4/4/86)	490.58	480.03	470.71	469.86	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	231.6	230.4	230.5	231.7	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	169.8	168.9	168.9	169.8	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	682.92	688.94	693.32	704.34	915.13 (2/8)	653.46 (21/11)
PHILIPPINES						
Manila Comp (2/1/85)	618.11	613.91	631.39	631.44	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	319.92	312.54	311.64	312.86	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1215.04	1253.8	1245.0	1257.0	2230.0 (16/1)	1215.8 (6/12)
JSE Industrial (28/9/78)	2947.04	2930.0	2903.0	2825.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	717.82	718.84	708.96	717.62	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	(c)	234.64	232.53	233.93	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	910.1	886.4	880.5	879.5	1329.9 (5/7)	815.6 (27/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	650.9	637.3	635.7	635.6	845.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	539.8	528.1	526.1	526.4	698.2 (13/7)	510.4 (26/11)
TAIWAN**						
Weighted Price (30/6/66)	4741.86	4987.12	4716.66	4798.64	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	607.15	(c)	581.98	583.95	1143.78 (25/7)	544.30 (30/11)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	468.6*	458.0	453.7	455.9	572.0 (4/1)	423.1 (28/9)

**Saturday December 1: Taiwan Weighted Price: 4764.84 Korea Comp Ex. 708.56
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 6 December 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	11.5m	390	+14
Kyocera Elec	9.2m	1,150	−200
Tokio Mne&Fre	7.6m	1,310	+20
Kurabo Inds	7.3m	885	−100
Hitachi	5.7m	1,060	0
K'saki Steel	5.4m	389	+23
Takeda Chml	5.4m	1,710	+120
M'bishi Heavy	5.1m	658	+19
Honshu Paper	4.7m	2,130	−70
Yasuda Fre&Mne	4.3m	906	+7

3pm prices December 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A-A-A -								
37 1/8	9 1/2	AAR	.48	3.6	8	1901	14 1/4	13 1/8	13 3/8	- 1/8
9 3/4	7 3/4	ACM n	1.01	11.		154	8 7/8	8 3/4	8 7/8	
11 3/8	8 1/4	ACMIn	1.26	13.		1781	10 1/8	9 7/8	10	
9 1/4	6 1/2	ACM M n	1.01	14.		1141	7 3/8	7 1/4	7 1/4	- 1/8
12 1/8	10	ACMMM	1.50	13		165	11 3/4	11 5/8	11 3/4	+ 1/8
11 1/2	8 5/8	ACM Se	1.26	13		1306	9 5/8	9 1/2	9 1/2	- 1/8
9 3/8	7 1/4	ACMSp	1.01	12.		701	8 1/2	8 1/4	8 3/8	- 1/8
24 5/8	16 1/8	AL Lab	.16	.7	19	471	23 3/4	23	23 5/8	+ 1 1/8
4 5/8	1	AM Intl				651	1 3/8	1 1/4	1 1/4	- 1/8
19 1/4	4 5/8	AM In pf	2	26.		27	7 3/4	7 1/4	7 3/4	- 1/8
70 1/4	39 1/4	AMR			16	14115	53 1/4	52	52 1/4	+ 1
4	1 1/8	ARX				60	1 3/8	1 1/4	1 1/4	- 1/8
72 1/4	38 1/4	ASA	3	7.5		607	39 7/8	39 1/2	39 7/8	
3 1/2	2 1/2	ATTC wt				210	2 5/8	2 5/8	2 5/8	
45 5/8	31 1/4	AbtLab	s.84	1.9	21	5060	45 1/4	44 3/8	44 1/2	
14	10 3/4	AbitiBi g	.50			15	10 7/8	10 3/4	10 7/8	
11 3/8	4 3/4	AcmeC	.40	7.8	12	32	5 1/8	5 1/4	5 1/4	+ 1/8
9 3/8	5	AcmeE	.32	6.8	9	29	5 1/2	5 3/8	5 1/2	+ 1/8
32 1/4	18 7/8	Acuson n			23	835	26 7/8	26 1/4	26 5/8	+ 3/8
16 7/8	14 1/8	AdaEx	1.72e	12.		353	15 1/8	14 3/4	14 7/8	+ 1/8
15 3/4	10	Adobe				12	10 5/8	10 1/2	10 5/8	
20 1/4	16	Adob pf	1.84	11.		210	17 3/4	17 1/2	17 1/2	
21 3/8	19 1/4	Adob pf	2.40	12.		20	19 3/4	19 3/4	19 3/4	+ 1/4
11 5/8	3 3/8	AMD				4489	4 3/4	4 1/2	4 1/2	- 1/8
32 1/8	13	AMD pf	3	20.		39	15 1/8	15	15	
9 1/4	1 5/8	Advest	.16	6.1		197	2 5/8	2 1/2	2 5/8	
52	23	AetnLf	2.76	7.0	9	6532	41	39	39 3/4	+ 1/4
12 1/8	6 1/4	AfilPb	.24	3.0		1258	8 1/2	8	8	- 1/4
22 1/2	10 5/8	Ahmans	.88	6.2	6	9348	15	14 1/8	14 1/8	

Continued on Page 47

Continued from previous Page

NYSE COMPOSITE PRICES

16½	8⅛	WyleLb	.28	2.4	9	666	11⅝	11½	11⅝	+ ⅛
24¼	13¾	Wynns	.60	4.0	9	49	14⅞	14⅝	14⅞	+ ⅛
		- X-Y-Z -								
60⅛	29	Xerox	3	8.1	7	6087	36⅞	35¾	36⅞	+ ⅛
49	42½	Xerox pf4.13		9.5		2	43½	43½	43½	+ ⅛
22⅞	13	XTRA	.72	5.1		651	14⅛	13⅝	14	+ ½
25	12½	XTRA pf1.94		14.		151	13⅞	13¾	13⅞	+ ¼
4	5-16	Zapata				560	11-16	⅝	⅝	
13¾	4	ZenithE				562	6⅞	6⅛	6⅞	- ⅛
18⅝	9⅞	ZenNtl	.88	7.4	8	378	12⅛	11¾	11⅞	+ ⅛
7⅞	4⅞	Zenix	.93	20.		213	5	4⅞	4⅞	- ⅛
17⅛	9⅞	Zero	.40	3.5	12	87	11⅝	11⅜	11⅝	
51⅛	29⅞	Zurnin	.88	2.4	18	467	36½	36	36	+1
12⅝	10⅛	Zweig	1.18e	11.		407	10⅞	10⅛	10⅛	- ⅛
10	7⅞	ZweigTl	.84	9.9		774	8⅝	8⅝	8⅝	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices December 6

NASDAQ NATIONAL MARKET

3pm prices December 6

AMERICA

Fall by IBM helps wipe out Dow's early gains

Wall Street

THE BUSIEST trading session of the year so far saw US stocks move sharply higher yesterday morning on good news from the Gulf, before a fall in IBM shares helped reverse much of the early gains, *writes Patrick Harverson in New York*.

At 2 pm the Dow Jones Industrial Average was down 0.99 at 2,609.41, well below the morning high of 2,643.56. Turnover was 187m shares by 1 pm, already above the average daily total of recent weeks. The Standard & Poor's 500 moved in similar fashion to the Dow, dropping from its early peak to end up 0.78 to 330.70 at 1 pm, while the American SE composite proved more resilient, rising 1.59 to 307.00.

The strong round of buying at the opening stemmed from Saddam Hussein's order to release all foreign hostages by Christmas and the December 17 date set for a meeting in Washington between President George Bush and Iraqi foreign minister Mr Tariq Aziz. In the first hour of trading the amount of money spent on buying stocks exceeded the amount employed to sell stocks by $700m.

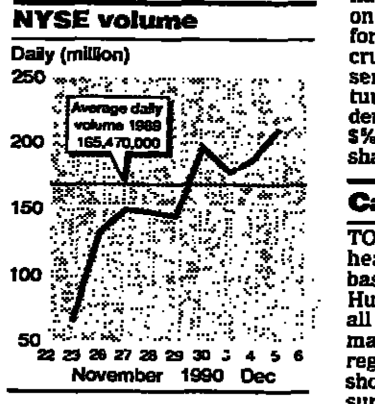
The subsequent drop in stock values, said analysts, was due partly to a drying up in demand, rather than a large-scale sell-off, and partly to concern about IBM's earnings. The worries were prompted by reports that IBM finds acceptable a 1991 profits estimate published by S.G. Warburg that is below the market consensus. Warburg expects earnings to be $10.50 a share compared with the Wall Street average of $11 a share. IBM shares fell $2¼ to $112½ on turnover of more than 2m.

The NCR takeover saga continued. AT&T, which on Monday made a $90 stock-for-stock offer for NCR, yesterday launched a hostile $90-a-share cash bid for the computer group after NCR demanded a floor price of at least $125 a share. Although the new bid had been expected by the market, NCR shares gained ground, adding $4⅞ to $91⅝ on turnover of more than 2m shares by midday.

The fact that the NCR share price moved above the $90 offered in the bid suggests that the market believes AT&T will have to put more money on the table. Mr Charles Exley, the NCR chairman, yesterday said that the $125 floor price was set because "it is preposterous to say there is no possible price for a deal. Obviously there is a price where we would have to say yes." AT&T stock was unchanged yesterday at $30 on turnover of 2.3m shares.

There was heavy trading for the second day running in Toys 'R' Us, the leading toy retailer in the US. The stock had fallen earlier in the week on worries about the outlook for sales, especially during the crucial Christmas period, but sentiment appeared to have turned yesterday. Amid strong demand Toys 'R' Us moved up $⅝ to $23¾ on volume of 2.3m shares.

NYSE volume



Canada

TORONTO STOCKS surged in heavy volume with broad-based strength after Saddam Hussein said he would release all foreign hostages by Christmas. The composite index regained 22.5 to 3,248.1 after shooting up about 30 and then surrendering most of the gains. Volume was 22.5m shares and advances led declines by 247 to 217.

Oil and gas shares were the only losers as 13 of the TSE's 14 indices climbed higher.

Canadian Pacific, Laidlaw class B, Bank of Montreal and Alcan all traded more than 900,000 shares. Magna International, which said first-quarter earnings rose to a profit of 10 cents a share from a loss of 35.9 cents, rose 5 cents to C$2.45.

Turkish bourse shows signs of maturity

Public response to privatisations, however, has been slow, writes **John Murray Brown**

TURKEY's infant stock exchange has been hard hit by the Gulf crisis. But the market's reaction to international events is not considered to be entirely bad news for the bourse.

"If the market responds to outside factors it is a sign of its maturity," says Mr Suraya Sethi, Turkey representative of the International Finance Corporation (IFC), the World Bank affiliate which has done much to promote the Istanbul bourse.

The index fell sharply to its lowest since mid-April on the United Nations Security Council resolution last week approving use of force against Iraq. Market confidence fell further on the announcement of the resignation at the start of the week of Turkey's top military officer, a significant event in a country where the military remains a potent force.

The index recorded an upwards blip on Monday after the authorities raised the daily price swing allowed for a share from 5 to 10 per cent. But the recovery was short-lived.

Indeed the market's index has now fallen by 37 per cent since a high of 5,749.69 on August 2, closing at 3,630.26 yesterday. Over the same period daily trading volume has dropped 60 per cent to about TL40bn ($14m), although it rose to TL58bn yesterday.

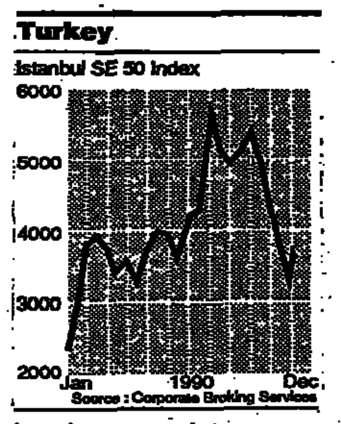
Istanbul's underlying problems are typical of those of many emerging markets. Stock exchange regulation is still rudimentary, there are few reporting requirements for listed companies, and analyst research is threadbare.

With only some 90 stocks quoted, brokers complain of a lack of liquidity. This problem is compounded by the presence of a lively informal market on the street outside the exchange. The authorities are considering an increase in the minimum share lot from 200 to 500 shares, to force more business on to the exchange floor.

However, foreign investors are beginning to pay the market more attention. The IFC, for example, having launched the Turkey Fund which is quoted on the New York Exchange, is working on another offshore unit trust.

The government has also been brave enough to press on with its privatisation programme, in spite of a lukewarm public response. President Turgut Ozal told a group of Turkish businessmen recently: "There is no such thing any more as selling cheap or expensively. Sell at any price."

Turkey



Last week the Public Participation Fund (PPF), the government body entrusted to transfer state assets to private hands, launched a minority stake in Turk Hava Yollari (THY), the national airline. The PPF hopes to raise TL40bn if the issue is fully subscribed.

The public offering, which is open to foreign investors, is being handled through 18 Turkish banks. Mr Suleyman Yasar, vice-chairman of the PPF, said a block sale in THY, probably to a foreign buyer, was planned for next year.

This optimism is not shared by the public. Earlier in October, the PPF had the galling experience of having to buy back about TL100bn, or one quarter, of the floated stock of Petkim, the state petrochemicals complex, which was only floated in the summer. This followed a plunge in the share price when Petkim bond holders with share options dumped their shares, forcing PPF, which had been acting as marketmaker, to support the price. The THY offer has been extended from last week until today, because of the slow response.

The attitude of private companies is equally ambivalent. Before the Gulf crisis, some private companies took advantage of the prevailing earnings multiples of more than 30 to cash in their equity, and take the capital gain they could not otherwise realise. Vestel Elektronik, Polly Peck's subsidiary, raised around $130m from its flotation earlier this year.

Banks in particular have used the market to shed some of their industrial affiliates, in a bid to meet the new capital adequacy requirements set by the Bank of International Settlements. Banks now account for a quarter of the market capitalisation of TL70 trillion.

However, unlike in fellow emerging markets such as India, where 10 per cent is considered to be an effective controlling interest, Turkey's private companies have still to be convinced to float anything that could be considered as more than a minority stake.

"At this moment everyone owns his own business," says Mr Ertugrul Ergoz, investment director at Sabanci, one of the largest Turkish corporations. "We're like the early US industrialists of the last century."

EUROPE

Recovery accelerates on Iraqi hostage move

THE NEWS that Iraqi President Saddam Hussein has ordered the release of all foreign hostages before Christmas had a clear impact on bourses yesterday, taking the FT-SE Eurotrack index over its 1,000 base point for the first time since its inception on October 26, *writes Our Markets Staff*.

Holding steady around 990 towards midday, the Eurotrack seemed to be maintaining the gentle uptrend it had seen since its low of 948.31 on November 27. However, the new Gulf hopes took it to a mid-afternoon peak of 1,006.96, up 2.9 per cent, tailing off to 1,002.68 in the post-bourse as Wall Street lost some of its early enthusiam. Madrid and Helsinki were shut yesterday.

FRANKFURT took the DAX index over 1,500 for the first time since September 18, closing 33.71 higher at 1,504.67; Dresdner Bank said that gains in the post-bourse indicated an overall rise of more than 4 per cent on the day.

Volume responded with a rise from DM4.9bn to DM7.1bn, Siemens leading the most actives list in DM1.07bn. Blue chip price gains were led by cyclicals such as chemicals and carmakers as the reunification favourites; retailing and construction continued to fall by the wayside. The FAZ index rose 11.65 to 643.00.

In motors, Volkswagen gained DM14.50 to DM357.50 as the company reached agreement on wages and working conditions with the IG Metall engineering union.

The big three chemicals all had above-average gains, but Schering, the pharmaceuticals and speciality chemicals group, fell DM13 to DM715. It indicated net profits 15 per cent higher this year, but said that it expected delayed European approval for its cardiovascular drug, Ilomedin.

PARIS gained 2 per cent, with the CAC 40 index passing the 1,700 level during the day, before closing 33.08 higher at 1,693.52. Turnover was active at about FFr4bn after the previous day's FFr2.6bn.

Active trading left Suez FFr8.30 higher at FFr319 with 600,750 shares exchanged. James Capel said that the stock was unlikely to outperform in the short term. "Nevertheless, further out, the disposal of 'non-performing' assets can only benefit a share price which would now appear to over-discount bad news."

A rerating of some cyclical stocks helped Saint-Gobain gain FFr23.90 or 6 per cent to FFr423 and Pechiney International rise FFr10.40 or 7.5 per cent to FFr149.40. Kleinwort Benson said that Pechiney International, the packaging, aerospace components and aluminium group, was being recognised as more of a defensive stock, and was benefiting from a belief that the dollar may have bottomed.

ZURICH had a strong afternoon, the Crédit Suisse index closing 14.1 or 3 per cent higher at 487.1. Banks and insurers did well, UBS and Winterthur bearers both rising SFr120, to SFr2,880 and SFr3,920 respectively. Among chemicals, Ciba-Geigy shot up SFr90 to SFr2,540 and, in engineerings, Brown Boveri bearers gained SFr140 to SFr4,270 on the news that all disputes with Italy's Finmeccanica group had been settled.

MILAN advanced after the lower house of the Italian parliament approved key bourse reform legislation. The Comit index rose 10.47 to 538.18.

Auto maker Fiat gained L170 to L5,760. Industry data showed that Fiat's share of the domestic market fell to 49.5 per cent in November from 57.2 per cent one year ago. Meanwhile, foreigners continued to advance, with Ford's share rising to 8.7 per cent from 6.7 per cent.

STOCKHOLM rose for the seventh consecutive session, the Affärsvärlden General index rising 23.7 or 2.7 per cent to 910.1. Turnover more than doubled to SKr463m from SKr211m, with Ericsson free B shares, up SKr12 at SKr203, accounting for SKr103m.

At a public auction Nordbanken and Gota Bank bought 6.8m shares in Esselte, the office supplies concern, after Mobilia, its main shareholder, went into liquidation. Esselte Bs added SKr20 to SKr120.

AMSTERDAM closed higher but came off the day's peak. The CBS Tendency index finished 2.0 or 2.1 per cent up at 98.3. A belief that chemical stocks had been oversold lifted DSM Fl 5.20 to Fl 87.70 and Akzo Fl 4.40 to Fl 74.90.

BRUSSELS advanced in active trading on a backlog of orders from investors who were waiting for the computerised trading system to resume following a fire on the exchange last Friday. FN, the armsmaker, plunged BFr139 or 70.6 per cent to BFr58 after Friday's accord to sell most of its assets to Giat of France.

THE FURTHER drop in oil prices on yesterday's Gulf news was reflected in the performance of the producers, and the most sensitive users of the commodity.

In the oil sector, Elf Gabon dropped FFr94 or 6.6 per cent to FFr1,341 and Elf Aquitaine lost FFr15 or 4.6 per cent to FFr814 in active trading of 511,634 shares. Royal Dutch shed Fl 2.10 to Fl 129.80.

Airlines, tipped for 1991 on fundamental grounds by UBS Phillips & Drew earlier this week, moved in the other direction. KLM rose Fl 1.30 or 6.4 per cent to Fl 21.50 and Lufthansa, not a favourite with sector analysts, by DM4.50 or 3.9 per cent to DM121. Swissair bearers put these in the shade with a jump of SFr60, or more than 10 per cent, to SFr655.

ASIA PACIFIC

Gulf hopes continue to spur Nikkei on to higher ground

Tokyo

THE UPTREND continued in Tokyo yesterday, helped by anticipation of a peaceful resolution in the Gulf. The drop in crude oil prices and overnight surge on Wall Street also contributed to the gain, *writes Emiko Terazono in Tokyo.*

The Nikkei average opened at the day's low of 22,238.80, and reached the day's high of 22,609.13 in the afternoon. It closed up 359.38 at 22,552.10. Volume remained thin, at 330m shares, although traders noted some institutional buying in the morning. Rises led falls by 730 to 236, and 128 issues were unchanged. The Topix index of all listed stocks added 28.67 at 1,667.80, while in London the ISE/Nikkei 50 index advanced 47.08 to 1,334.81.

The news of direct dialogue between the US and Iraq was taken favourably by investors. Mr Masami Okuma at UBS Phillips & Drew said there seemed to be buying from insurers, investment funds and some foreigners.

Interest rate-sensitive stocks rose, undeterred by a soft bond market and high long-term yields, both of which failed to react to expectations that slowing Japanese growth, and US economic problems, would eventually lead to a bilateral easing of interest rates.

Steels attracted a wide range of buyers in the morning, but lost part of their gains later on profit-taking. Kawasaki Steel added Y23 at Y399. Power utilities were also strong.

Takeda Chemical surged Y120 to Y1,710 on news it had developed an anti-cancer drug with Harvard University.

Telecom companies were firm following the government's decision to deregulate the car and mobile phone industry in 1994. Nippon Telegraph and Telephone's (NTT) announcement that it had developed the world's smallest portable phone also helped the sector. NTT gained Y5,000 to Y910,000 and Matsushita Communication Industrial, which expects a 16 per cent pre-tax annual profits rise to next March, climbed Y110 to Y3,190.

Speculative issues were among the day's few losers, as rumours of speculators in financial trouble continued to circulate. The 5 per cent rule, which came into effect on December 1, requiring disclosure of stakes of 5 per cent or above in a company, caused a pass-the-parcel effect on speculative stockholders. Kurabo fell Y100 to Y885 on rumours that its second largest shareholder had transferred some of its holdings to other investors.

Honshu Paper dropped Y70 to Y2,130. A Hong Kong based front company had bought the right to purchase about a third of the paper and pulp concern's outstanding shares. Doubts remain in the market about the intentions of the company, which is owned by a Singaporean investor.

In Osaka, machineries, electricals and pharmaceuticals were strong while some trading companies lost ground. The OSE average rose 339.21 to 24,342.40 on 26.9m shares.

Roundup

ONCE AGAIN, there were more buyers than sellers in most Pacific Rim markets, due to encouraging news from New York and Tokyo.

HONG KONG saw more buying led by overseas institutions, and the Hang Seng index added 60.56 at 3,126.79, up 162 points so far this week for its highest finish since August 16.

Turnover, up from HK$943m to HK$1.18bn, was the best figure since October 23. Banks and utilities posted the sharpest gains, the interest in banks being attributed to traditional year-end activity because banks are the earliest to report results in the new year.

SINGAPORE advanced on a broad front, the Straits Times Industrial index put on 25.74 to 1,152.96. Turnover expanded from S$79.5m to S$99.3m.

TAIWAN dropped in higher volume, the weighted index ending 245.26, or 4.9 per cent, lower at 4,741.86 as turnover rose from T$79.5bn to T$101.8bn, its highest for six months. Dealers were uncomfortable, surmising that this indicated that institutional investors and big players were liquidating their holdings.

SEOUL was similarly active but more stable, the composite index easing 1.02 to 717.82 in heavy volume of Won406bn. **JAKARTA** rose 9.77 to 380.97 as the Indonesian government said brokers would be allowed to set up investment funds. **BANGKOK** put on 25.17 to 607.15: brokers said the domestic situation had stabilised and share prices were now following international trends.

AUSTRALIA's All Ordinaries index edged up 1.3 to 1,323.3 in trading dominated by Adsteam's sale of a 6½ per cent stake in Westpac Banking. Westpac fell 14 cents to A$3.57.

NEW ZEALAND lost 1.7 per cent, the Barclays index closing 21.53 lower at 1,232.77. Bank of New Zealand shed 6 cents to 44 cents as an independent report inserted an element of doubt into a NZ$720m bail-out plan.

SOUTH AFRICA

GOLD SHARES fell as bullion prices slumped after Iraq's Saddam Hussein ordered the release of all foreign hostages. But industrials gained ground. The JSE all-gold index fell 38 to 1,215 but the all-share index rose 6 to 2,701.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY DECEMBER 5 1990								TUESDAY DECEMBER 4 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (76)	121.05	−0.8	93.28	102.88	94.50	104.91	+0.4	7.40	121.97	93.86	103.31	95.31	104.44	158.31	118.98	148.74
Austria (19)	199.56	+0.5	153.78	169.61	155.79	155.02	+0.2	1.76	198.64	152.87	168.26	155.22	154.79	285.63	178.57	156.18
Belgium (61)	135.42	+0.3	104.35	115.08	105.71	103.86	+0.5	5.58	135.02	103.91	114.36	105.50	103.39	160.02	126.67	150.00
Canada (120)	128.53	+1.3	99.04	109.23	100.33	108.19	+1.0	3.73	126.92	97.67	107.50	99.17	107.11	153.61	121.24	150.43
Denmark (33)	236.84	−1.3	182.50	201.29	184.86	186.10	−1.2	1.61	239.96	184.67	203.26	187.50	188.31	277.62	234.05	237.06
Finland (25)	106.85	+0.9	82.34	90.82	83.41	80.67	+0.9	3.78	105.86	81.47	89.67	82.72	79.99	152.29	98.91	127.71
France (122)	141.59	+1.0	109.11	120.33	110.52	112.99	+1.0	3.68	140.24	107.92	118.78	109.57	111.91	168.85	124.98	147.05
Germany (91)	116.94	+1.2	90.11	99.40	91.28	91.28	+1.1	2.49	115.53	88.91	97.87	90.28	90.28	144.63	101.38	111.05
Hong Kong (46)	124.49	+1.6	95.93	105.80	97.19	124.72	+1.6	5.31	122.58	94.33	103.83	95.79	122.78	147.49	112.24	115.91
Ireland (17)	147.04	−0.6	113.31	124.97	114.78	116.66	−0.6	4.48	147.89	113.81	125.27	115.56	117.36	198.57	139.04	171.45
Italy (91)	79.94	+1.4	61.60	67.94	62.40	67.53	+1.4	3.64	78.82	60.66	66.76	61.59	66.56	109.26	75.73	92.85
Japan (453)	118.01	+1.3	90.93	100.29	92.13	100.29	+1.6	0.85	116.53	89.68	98.71	91.07	98.71	197.26	106.58	197.73
Malaysia (35)	196.29	+2.0	151.25	166.81	153.22	203.96	+1.9	3.32	192.47	148.12	163.02	150.39	200.11	250.89	182.96	211.27
Mexico (12)	586.44	+0.2	451.90	498.41	457.79	1887.01	+0.2	0.36	585.55	450.63	495.98	457.55	1884.13	586.44	324.53	288.09
Netherland (41)	133.94	+0.1	103.21	113.83	104.56	103.52	−0.1	5.19	133.81	102.98	113.34	104.56	103.58	149.03	127.56	136.91
New Zealand (15)	47.27	+0.1	36.42	40.17	36.90	41.18	+0.2	8.30	47.20	36.33	39.98	36.88	41.09	75.36	47.20	74.94
Norway (27)	217.97	−1.4	167.96	185.25	170.16	174.48	−1.1	1.77	221.02	170.10	187.22	172.71	176.47	276.79	202.34	185.38
Singapore (25)	154.41	+0.3	118.99	131.23	120.54	122.28	+0.1	3.61	153.95	118.48	130.40	120.29	122.16	209.24	147.24	169.82
South Africa (60)	181.67	+3.2	139.99	154.40	141.81	135.82	+1.4	4.08	176.11	135.53	149.17	137.61	134.00	251.39	151.50	176.19
Spain (42)	146.60	+0.7	112.97	124.60	114.44	106.56	+0.9	5.20	145.62	112.07	123.35	113.79	105.63	182.25	128.54	160.51
Sweden (27)	164.74	+0.3	126.95	140.01	128.61	137.24	+0.2	2.96	164.29	126.43	139.16	128.38	136.99	234.93	153.11	171.97
Switzerland (68)	90.40	+0.8	69.66	76.84	70.58	71.88	+0.7	2.93	89.71	69.04	75.99	70.11	71.41	109.77	85.00	92.34
United Kingdom (298)	165.81	+0.1	127.77	140.91	129.43	127.77	+0.3	5.46	165.58	127.43	140.24	129.38	127.43	176.18	139.87	150.94
USA (533)	133.25	+1.1	102.68	113.25	104.03	133.25	+1.1	3.71	131.77	101.41	111.62	102.97	131.77	148.95	119.08	141.37
Europe (962)	137.51	+0.5	105.96	116.87	107.35	107.02	+0.6	4.35	136.80	105.28	115.88	106.90	106.43	157.65	124.91	134.24
Nordic (112)	172.99	−0.6	133.30	147.02	135.04	134.37	−0.5	2.26	174.03	133.93	147.41	135.99	135.11	223.29	170.59	175.13
Pacific Basin (652)	118.05	+1.2	90.97	100.33	92.15	100.91	+1.5	1.29	116.67	89.78	98.82	91.17	99.38	192.75	107.82	192.71
Euro−Pacific (1614)	126.31	+0.9	97.33	107.34	98.59	104.30	+1.1	2.64	125.20	96.35	106.04	97.82	103.17	174.18	116.03	169.43
North America (653)	132.87	+1.1	102.39	112.94	103.74	131.60	+1.1	3.71	131.33	101.11	111.30	102.68	130.14	148.43	119.28	141.81
Europe Ex. UK (664)	119.95	+0.8	92.43	101.97	93.66	94.77	+0.8	3.52	119.00	91.58	100.82	93.01	94.05	145.62	109.94	122.88
Pacific Ex. Japan (199)	117.87	+0.3	90.82	100.19	92.02	105.41	+0.8	6.25	117.56	90.47	99.59	91.87	104.53	146.72	116.03	132.67
World Ex. US (1806)	127.19	+0.9	98.01	108.10	99.29	105.19	+1.1	2.69	126.02	96.98	106.75	98.48	104.05	173.77	117.12	168.91
World Ex. UK (2041)	124.60	+1.1	96.01	105.90	97.28	112.43	+1.2	2.74	123.23	94.84	104.39	96.30	111.08	162.00	115.37	158.72
World Ex. So. Af. (2279)	127.94	+1.0	98.59	108.74	99.88	113.80	+1.1	3.04	126.70	97.50	107.33	99.01	112.55	161.84	118.04	157.90
World Ex. Japan (1886)	134.86	+0.9	103.92	114.62	105.29	121.32	+0.9	4.06	133.89	102.88	113.25	104.48	120.26	151.59	124.31	139.10
The World Index (2339)	128.26	+1.0	98.84	109.01	100.13	113.96	+1.1	3.05	126.99	97.73	107.57	99.24	112.71	162.05	118.33	158.00

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RECRUITMENT

JOBS: Experts disagree not just on what intelligence is, but on whether any such thing exists

The missing measures of practical promise

AN American scientific journal once asked 17 of the world's top psychologists to define intelligence. In reply, it got 14 very different definitions and three evasions. That was in 1921.

Today the journal's question is of more pressing importance, because everyone seems agreed that higher-ranked jobs require greater intelligence than ever before. The trouble is that experts on the topic are even more divided.

They are now at loggerheads not just over what intelligence is, but as to whether *any* such thing exists in the way it was thought to do 69 years ago. As the doubt about its existence is somewhat technical, however, I'd better try to clarify the issue a little.

Not even psychologists would deny that it is right to call on the idea of intelligence for the purpose of description. It clearly makes perfect sense to describe things such as an action or a group of people like Jobs-column readers as being "intelligent". But just to describe them as intelligent is to fall short of explaining what makes them so.

The reason is that, although intelligence does not need to be anything more solid than an idea to serve as a basis for description, the mere idea of it is not enough to underpin the required explanation. To do that, intelligence would have to be something which exists in the real world – a substance or quality or whatever – and which is possessed in greater degree by Jobs-column readers, for example, than by less intelligent beings.

In the 1920s, the real-world existence of intelligence was widely accepted. Although the experts questioned by the journal defined it differently, few if any of them would have doubted that there was such a thing on earth. Indeed, most psychologists firmly believed it could be measured by tests of the "Intelligence Quotient" type.

Systematic

What IQ tests actually gauge is ability to reason with information presented through the medium of systems of symbols like languages and mathematics. And, when it comes to earning a living, much of the information people have to go on is not presented in such a systematic form. For instance, all that managers often have to inform them is other people's behaviour, which doesn't conform to standard rules. Any two of us may mean the same thing by different sorts of behaviour, or different things by the same sort.

Nonetheless the 1920s consensus was that ability to reason in terms of symbol-systems is essentially the same as "general intelligence" – a real-world quality which explains intelligent acts of all kinds. Belief in the "g" quality was strengthened by research showing the reasoning ability is linked with educational achievement, as measured by academic examinations. One result is that exam performance is viewed by employers as a reliable predictor of practical success in mentally demanding work – a view which seems unlikely to be changed by the new British prime minister's lack of academic stature.

Something that does appear to have changed, however, is the consensus among psychologists.

Admittedly, since they are at loggerheads over even more issues than they were before, it is hard to find anything they generally believe in a positive way. But that does not stop them from forming a consensus in a negative direction, by generally *dis*-believing in certain things.

Take for example the 22 eminent researchers into intelligence who have contributed to a book published by Cambridge University Press*. While they have many disagreements, there is one issue on which they are all of like mind.

None of them believes any longer that the reasoning ability gauged by IQ-type tests is the same thing as the intelligence needed to succeed in mentally demanding work of a practical kind. As the book says: "Everyone agrees that IQ tests are measures of only limited aspects of intelligence in the everyday world...."

At which point, I suspect that enduring readers with lengthy memories will be itching to protest. They will have recalled that not once but twice recently (September 19 and October 24) the Jobs column declared that studies had shown such tests of reasoning ability to be one of the best predictors of success in managerial work. So how can what I said then be squared with what I'm saying today?

The best answer I know of is offered by one of the book's 22 authors: David Olson of Toronto University who believes there *is* a fundamental difference between practical intelligence and the sort gauged by reasoning tests.

Surprises

He thinks that, in the ultimate sense, practical intelligence is the ability to cope with any challenge life presents – which could be something never even imagined before. If so, we might well have no language to describe it and would almost surely lack any established technology to deal with it. But, to be practically intelligent, we'd still have to find some other means of responding effectively.

In Olson's view, the ability to cope with such unprecedented surprises contrasts with ability to reason in terms of symbol-systems already well enough understood for the people who mark the tests, at least, to agree which answers are right and which wrong. Indeed, far from requiring us to find an answer outside any known language and technology, the tests are couched in existing languages which are part of the established technology of communication. Moreover, the Toronto psychologist claims, it is a technology rooted in reading and writing, as distinct from hearing and speaking.

That is not to say the reasoning ability is bereft of a useful role in practical work. To the extent that good performance in such work requires understanding of prevalent conventions of reading and writing, the ability is essential.

Nor – since understanding of that kind is to some degree crucial in most managerial jobs – is there any conflict between Olson's view and the research findings that reasoning tests are one of the best tools available for predicting success as a manager. Even so, they are far enough away from being perfect predictors to make it foolish to regard high test scores, or the examination passes linked with them, as proof of executive talent.

For there is a wealth of evidence that, while ability to make accurate use of established symbol-systems may be necessary in management, it is rarely sufficient by itself for good performance. How far it is useful will surely vary with the specific executive's responsibilities.

It may constitute a large part of what is needed in bureaucratic operations, whose managers are mainly occupied in formulating and acting on written documents. But it is less important for executives who exchange information largely by hearing and speaking, especially in organisations that need to be innovative.

In those conditions, practical intelligence will take pride of place. And the reason why IQ-type tests remain one of the best predictors of success, may be just that nobody has yet developed similar gauges of the practical ability.

David Olson goes farther, saying reasoning tests are still apt to be taken as measuring a "general intelligence" which in fact is non-existent. "Thus, IQ has been used to exclude people from educational opportunities from which they would benefit and from jobs they are entirely capable of handling."

Hear, hear!

Michael Dixon

* *Practical intelligence, edited by Robert Sternberg and Richard Wagner. Hardback £40, paperback £13.95.*

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Schroders

Internet global banking systems

The success of Internet's 'ATLAS' wholesale banking systems continues – business growth has dictated that new offices be opened in Tokyo, Singapore and Stockholm in addition to the new prestigious European headquarters in Woking, Surrey becoming operational in September.

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Trainers – Woking

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A.C.I.B. membership is desirable for these appointments and initially, appropriate training on Internet systems posts will be provided in the European centre at Woking.

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A major international Bank from the Far East invites applications for the key position of Chief Dealer of the Bank's treasury operations. The successful candidate will lead the treasury operations of the London branch while complimenting the dealing activities of the Bank's Head Office and other overseas branches.

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A university degree or other professional qualifications are desirable. For this senior position, maturity in thinking, a good sense of judgement and strong analytical skills are essential attributes.

Interested applicants should forward a detailed curriculum vitae including salary details and quoting reference LDN/CD to:

General Manager, Write to Box A314, Financial Times, One Southwark Bridge, London, SE1 9HL
Applications will close on 12th December 1990

University of Bradford

DEVELOPMENT AND PROJECT PLANNING CENTRE

TWO LECTURESHIPS

(Rolling Contracts; minimum period 3 years)

Applications are invited from individuals with appropriate operational experience in the following two areas:

1. Development Economics, with industrial planning and policy interests; (Ref: DPPC/R1).
2. Financial analysis and accounting as applied to development issues and projects; (Ref: DPPC/R2).

Overseas experience and computing skills will be valuable attributes in both cases. The persons appointed will teach in the Centre's postgraduate and post experience programmes in Bradford, as well as contributing to the other work of the centre. Candidates will be expected to have an interest in and the capability to undertake related research activities and institution-based consultancy. Salary on either Lecturer
A £12,086 - £16,755 p.a. or Lecturer B £17,455 - £22,311 p.a.
Superannuable.
Application forms and further particulars from the Assistant Registrar (quote ref), University of Bradford, West Yorkshire BD7 1DP.
Working towards equal opportunites. Applications should be submitted by 11.1.91.

Interest Rate Options

Paris

£Excellent

Our client is a dynamic and rapidly growing French Primary Dealer with a strong presence in local traded markets. They are now seeking an interest rate specialist to trade options on the "Notionnel" and, eventually, the Bund future. The ideal candidate will be currently running a successful interest rate options book and have experience of the above contracts.

Call David Scott-Ralphs on 071-623 1266

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No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Tel:071-623 1266, Fax:071-626 5259

Jonathan Wren Executive

OIL TRADING COMPANY LONDON-BASED

Seeks experienced Oil Trader for the development of its business in Eastern European countries.

We are looking for a person with several years' work experience in Eastern Europe in a decision-taking capacity in the trading of crude oil and oil product cargoes, of oil futures and other oil trading instruments (options, EFP, spreads etc.) at the New York and London exchanges. He/she will develop business relations with oil producing, refining and marketing entities in Eastern European countries and will be responsible for implementing company policy in that particular area.

Fluency in English and Russian is essential. A good knowledge of another Eastern European language is a definite advantage. Age limit 45.

We offer a remuneration commensurate with this position with additional incentives in line with standard industry practice.

Please write with CV to Box No A313 Financial Times, One Southwark Bridge, London SE1 9HL

Swaps Trader

c£60,000
+ bonus + benefits

A prestigious City merchant bank is expanding its trading activities and, accordingly, wishes to recruit a specialist interest rate and currency swaps trader to structure, hedge and trade its books. The role will require a combination of technical and trading skills, and the energy to contribute to the development of the department. Ideal candidates will be mid 20s to early 30s, with a successful swaps trading background.

Call Ron Bradley on 071-623 1266

Jonathan Wren & Co. Ltd., Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
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Jonathan Wren Executive

UK or EUROPEAN EQUITIES

At Home or Abroad

Several of our key clients have focused plans for their London, Paris and Frankfurt offices and now wish to strengthen or further develop certain parts of their UK or European business.

We invite approaches from high calibre country or sector analysts and salesmen with proven track records and the desire to play a successful role in building market share.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence. Please contact William Dickins on Europe and Emma Weir on the UK at 20 Cousin Lane, London, EC4R 3TA. Telephone: 071-236 7307. Fax: 071-489 1130.

STEPHENS ASSOCIATES

SEARCH & SELECTION SPECIALISTS IN SECURITIES & INVESTMENTS

THE BANK OF BUTTERFIELD

Operations Manager

The Retail Banking division is seeking an Operations Manager to oversee its Operations Group which consists of the Current and Savings Account; Balance & Internal Control (Teller Rec.); Proof (RDP) and Central Information (CCI) departments.

Duties & Responsibilities: Under the direction of the Senior Manager, Retail Banking, the successful applicant will be responsible for planning, organizing, communicating and controlling the activities of the Operations Group; consulting, advising and coordinating their routine with the Retail Project Team Management; the development and modification of current methods and procedures to improve the efficiency of existing operations.

Qualifications: A university degree in Business, Commerce or related discipline. Formal training in the U.K. or North American banking practices. A minimum of 10 years experience in management of Banking Operations, with strong user business sense and understanding of computer systems and automation technology. Excellent interpersonal skills with ability to deal effectively with and through people.

We offer a comprehensive benefits package as well as a progressive salary for this position.

Qualified applicants should contact: Mr Greg Melnyk, Manager, Personnel Administration before the closing date: 21 December 1990.

The Bank of N.T. Butterfield & Son Ltd.
Personnel Department, P.O. Box HM 195, Hamilton HM AX, Bermuda.

1992 M&A

Expanding international M&A advisory firm with offices in ten countries globally is seeking one entrepreneurial M&A professional with substantial transaction experience to join its London office. Firm is a leader in middle-market, cross-border M&A.
Please send resume in confidence to us to obtain further information:

Write Box A276 Financial Times,
One Southwark Bridge London SE1 9HL.

SPOT DEALER

C. £30,000 + BENEFITS

A leading European Bank requires a dealer to trade spot DMK and some EMS crosses. The appointee should be c.25 and have at least 2 year's experience.

Please apply in writing together with C.V. to:

Treasury Manager Box H7781 Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANCY COLUMN

Bankruptcies raise questions over auditors

Austin Mitchell criticises the profession for putting profit before independence

AS THE recession deepens and failures, closures and bankruptcies mount, it is time to question the value of audited financial statements. Polly Peck, British & Commonwealth, Ferranti, Eagle Trust, Coloroll and others raise questions about annual accounts and the quality of audits.

Auditors are meant to be "watchdogs" and independent of the management whose accounts they audit. They are supposed to avoid conflicts of interest, and an uncomprehending public trusts the myths.

In spite of the legal fiction, auditors are hired and fired by the directors – the people they are supposed to be independent of. The directors go "opinion shopping" and decide which firms shall be approached.

Directors' salaries are increasingly linked to profits and performance. Naturally, they do not approach firms which are likely to frown on their accounting methods and the exaltation of their own benefits.

The firms do not want to be seen as opposing any novel accounting methods. To do so increases the risk of not attracting a client. If they do take a stand, there is no statutory regulator independent of the accountancy profession, no firm body of principles to back them.

Auditing is a multi-billion pound business. The accountancy firms will accommodate any practice as long as it results in more money flowing to their coffers. The companies can do anything: put brands in the balance sheet; leave goodwill unamortised; depreciate buildings only as and when desired; take your pick on accounting for financial instruments and swaps; practice split-depreciation. Anything will do. Creative accounting rules the day. It is even marked by the auditing firms "true and fair". Practically anything goes, in business as in love.

With a suitable firm selected, the directors ask the shareholders to rubber-stamp their decision. Shareholders are kept in the dark. No information about the tenders the firms have submitted are given. Under the Companies Acts, an auditor is supposed to report to the shareholders. Yet they are not even told of the terms of the auditors' contract.

I have asked the government to make sure that such information is given to the shareholders, either by having the appropriate letters and contracts read out at the annual meeting, or by making them available for inspection or filed at Companies House. Government is indifferent to such accountability.

The shareholders are told nothing about about the strengths or weaknesses of a company's system of internal controls. They should be given a statutory right to be informed. Indeed, it should be forced on them so that auditing firms can check each other and compete to heighten awareness. Auditing needs reforming.

In the last 10 years, we have had 10 trade and industry secretaries, and Companies Acts in 1980, 1981, 1985 and 1989. None has done much about auditing. With local authorities, the government argued that they should not be allowed to appoint auditors. They apparently have a vested interest in selecting sympathetic auditors. Hence the the Audit Commission appoints auditors for them.

If that principle of auditor appointment by an independent agency is accepted for local authorities, should we not consider similar mechanisms for big public companies? At least that will make auditors independent of directors. In our society, we can all hire lawyers to argue our case, but not judges and juries. Yet when directors hire and fire auditors, auditors become "poodles" rather than "watchdogs".

We need an independent regulator based on statute, laying down standards

Auditor independence is also compromised by the non-auditing services provided by the accounting firms. In the US, the Securities and Exchange Commission (SEC) bans auditors from performing certain services for their audit clients. In this country, the firms are free to recruit company officers on behalf of their clients, write up the company records, and then audit them. We are asked to assume that the extra revenue exerts no pressure on the compromises which auditors make. There has been no government interest in curtailing the provision of non-auditing services.

The same auditors go on auditing the same businesses for years, leading to over-cosy relationships. Conflicts of interest develop. Yet when the opportunity came to discuss these issues in the Companies Act in 1989, neither the DTI nor the profession wanted anything disturbed. We in the Labour Party supported the principle of rotation and the curtailment of non-auditing services to audit clients. Self-interest and inertia won the day.

Partners and senior staff of auditing firms can end up becoming officials of their client companies. Their work is audited by their one-time juniors. How objective are such audits? Would the audit staff really be sceptical about the explanations offered by their one-time senior?

Surveys published in the research journals of the Institute of Chartered Accountants in England and Wales have shown that bankers and analysts feel that auditor independence is compromised. No effort has been made to deal with such issues.

Government leaves auditor independence to the accountancy profession. Yet this is a trade association concerned with promoting the interests of big firms. Professional rules on independence are formulated by faceless men usually representing the big firms. No-one is elected to these committees. Ordinary accountants, far less members of the public, cannot attend their meetings or see their minutes. The independence rules are said to be for the benefit of the public. No member of the public has been consulted.

The profession received a dressing-down from Edmund Dell, the then trade secretary, in the mid 1970s, in response to the the scandals unearthed by the last big crash after the Barber bubble. As a result, the profession formulated rules on independence. Yet it made no effort to monitor compliance.

Under the ethical rules auditors are not supposed to hold any shares in client companies. How can we verify this? Auditors are not supposed to place undue reliance on one client for their income.

How can we check this? Neither the profession nor the DTI have come up with any ideas on informing the public. A government which zealously went after the trade unions shows no desire to open up and democratise the accountancy profession.

To restore confidence in financial reporting and auditing practices we need an overarching independent and open regulatory system. We have 24 different authorities regulating the financial services industry, some operating on a shoestring and a prayer.

Now the government is adding to this chaos by allowing the accountancy bodies to act as quasi-regulators under the provisions of the last Companies Act.

This hardly provides the framework for making auditors accountable to the wider public. We need an independent regulator based on statute, laying down standards and giving backbone to the accountancy profession.

Austin Mitchell is Labour MP for Great Grimsby.

ACCOUNTANCY APPOINTMENTS

VICE PRESIDENT AND CONTROLLER

Cable Television • Growth Opportunity

Surrey — **c£50,000 + car + benefits**

Our client, the UK division of a leading US cable television company, is rapidly expanding its cable television franchises in the UK. Significant investment is planned over the next five years to capitalise on the industry's major growth potential and the exciting opportunities that have opened up in the telecommunications business.

The appointee will assume responsibility for the management and development of the financial control function, and in particular, for the formulation of accounting policies and computerised systems compatible with an expanding operation. The ability to manage and motivate the accounts team will be key to the success of the role, as will the forging of strong relationships with the US parent company.

Candidates will be graduate chartered accountants, with a sound knowledge of US GAAP reporting. In addition to proven technical ability, candidates should be confident and self-sufficient, with excellent people management skills and an energetic, proactive approach.

Please write, in confidence, enclosing full CV and current salary details, to Bernadette Laffey, quoting reference U3220/2.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

FINANCE DIRECTOR

Pharmaceuticals — **India**

Our client is the Indian affiliate of one of the world's largest and most prestigious pharmaceutical companies. The Indian company has been established for many years, is highly successful and extremely well regarded, with sales in excess of Rs 8000 lakhs, a large fieldforce and impressive production and R & D facilities.

Reporting to the Managing Director, the person appointed will be responsible for finance, administration, human resources and information technology.

We are looking for an Indian national who is a qualified accountant with extensive finance and administration management experience at a senior level within an international business environment. This important position will appeal to those earning in excess of £40,000 in the UK, who would be attracted to the possibility of working in India in a top management role.

Salary and benefits are excellent, and success in this appointment will lead to opportunities for further career development, either within or outside India.

If you have the qualifications to match this demanding role, please send a CV to John F. Fulford, Euromedica Ltd., 5 Raleigh House, Admiral's Way, Waterside, London E14 9SN.
Tel: 071-538 5164. Fax: 071-538 8362.

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Financial Director

Rural Norfolk
£35,000 + Executive Car + Relocation

Our client is a £28 million subsidiary of a £1.6 billion turnover Danish Group which has a programme of expansion throughout the 90s.

An opportunity has now arisen for a finance professional to become involved in this acquisitive and growing business.

Reporting to the Managing Director, you will have full financial responsibility, managing 12 Accounts and DP staff. One of the factors that makes this role both interesting and challenging is that you will be expected to contribute to many different aspects of the business.

A strong personality and excellent communication skills are essential criteria for success in an environment where you will be working closely both with management and production staff. You must be a qualified, practical and business minded Accountant, probably aged in your mid 30s, who has the business acumen to make a substantial contribution to the organisation's future success.

In return, our client offers an executive car, free family BUPA, and relocation to a particularly attractive area of Norfolk.

To apply, please write with full curriculum vitae to Richard Andrews at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

LONDON — **PACKAGE UP TO £40,000**

Senior Manager - Credit Control

Credit where credit's due

Coopers & Lybrand Deloitte is the UK's largest provider of financial and business advisory services, with 700 Partners, more than 12,000 staff and fee income in excess of £600 million.

We are now searching for a senior Credit Control professional to join the management team in our internal finance group. Your pro-active role will involve raising the visibility of the function by reviewing and enhancing systems and formulating firm-wide policies and procedures, with the overall goal of maximising debt collection. Heading a small team, you will also provide a first-class, comprehensive advisory service to partners and senior managers.

Probably aged 30-40, ideally a member of a professional body and likely to be currently earning in excess of £30,000, you will have a highly successful track record backed by excellent technical knowledge. Your assertiveness will be balanced by a diplomatic approach, and well-developed interpersonal and communication skills are further prerequisites. Experience gained in a service-oriented organisation would also be useful.

This is an important new appointment for an exceptional candidate, reflected in the highly competitive remuneration package we are offering. Benefits will include a company car, contributory pension scheme, five weeks' holiday and private medical insurance.

For further details, your first step is to forward your personal and career details to Mrs Rita Cornfield, Personnel Manager, Coopers & Lybrand Deloitte, Shelley House, 3 Noble Street, London EC2V 7DQ.

Coopers & Lybrand Deloitte | Solutions for Business

Challenging senior finance appointment with rapidly developing major industrial company

National Power PLC is Britain's largest generator of electricity and is one of the most exciting prospects in British Industry today. As one of the successors to the Nationalised Electricity Industry, National Power is facing a challenging future adapting to the new competitive market in electricity supply.

With privatisation planned to take place in February 1991 our new and dynamic finance team is now largely in place and is led by individuals from the UK's top blue chip PLCs. One further appointment reporting to the Director of Financial Control has yet to be made, offering an outstanding salary and benefits package and extensive opportunities for long-term career development.

Financial services manager – Harrogate, Yorks

c£40,000 + car + substantial bonus opportunity

Based in the Company's administrative headquarters in Harrogate, you will be responsible for the management and co-ordination of the financial activities associated with the control of over £7 billion of income and payments for National Power. Heading up a large and established department consisting of 4 managers and 120 staff, covering the areas of accounts payable and receivable, payroll, pensions and expenses, a major aspect of the role will be to identify and establish key accounting and operational controls and procedures needed to ensure the effective and efficient running of the department during a period of significant change. Above all you will be expected to develop and maintain a motivated and well trained staff capable of meeting the increasing demands of this expanding business.

For this high-profile role, we are seeking an ambitious and self-motivated Finance Manager with at least 5-10 years post-qualification experience as a Chief Accountant or in a similar role in a medium-sized or larger organisation, with proven experience of managing a complex computerised accounting function. You will be able to demonstrate a high level of technical ability, as well as possessing the personal maturity and authority to manage and motivate a large team with wide ranging skills.

For further information and a confidential discussion, please contact Neil Wax on 071-387 5400 (out of hours on 0923 819298) or write to him at FINANCIAL SELECTION SERVICES, Drayton House, Gordon Street, London WC1H 0AN, Fax 071-388 0857, quoting Ref. 10298

As an Equal Opportunity Employer, National Power welcomes applications from men and women including ethnic minorities and the disabled.

National Power

Financial Controller

Humberside — **c£35,000 + Bonus + Car + Benefits**

Our client is a $40 million turnover subsidiary of a $1.5 billion turnover division of a renowned US Corporation involved in the manufacture and distribution of fast-moving consumer products for world markets. With manufacturing activities in both France and the UK, the company markets hobby and DIY products on a global basis. A recent major investment programme in the latest technology will ensure continued expansion.

They now seek to appoint a high calibre finance professional to join a progressive management team in driving the business to achieve its full potential. The individual will assume responsibility for the finance and associated functions of the business, with initial emphasis being placed on the improvement of management information systems and controls.

Candidates will be graduate Chartered Accountants, aged 30-35, who can demonstrate a track record of achievement to date along with commercial experience in a fast-moving environment. A high degree of technical competence, well developed leadership and communication skills, self motivation, and a strong personal presence are pre-requisites for success in the role. Future prospects for the right individual are considered outstanding.

Interested applicants should contact James J. Russell, quoting Ref: L8545, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
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Recently Qualified ?

to £30,000

Highly prestigious US Investment Bank requires a young, energetic CIMA Qualified Accountant for a challenging greenfield situation. This is an exciting role requiring the successful candidate to initially spend some time in New York before taking full responsibility in London for budgets and project work, particularly in relation to the bank's new premises. Candidates should have 1-2 years experience in the property or construction industry and be seeking a stimulating role which offers great scope for development in this very professional environment.

Swaps Accountant

to £35,000

Top International Bank is seeking to appoint a high calibre ACA with extensive swaps accounting experience. Reporting to the Finance Director you will be responsible for all management accounting, development of systems and liaison with traders and senior management. You will possess in-depth Capital Markets product knowledge including swaps, futures and options, experience of financial engineering and a knowledge of trading strategy. This is a challenging role in a busy, expanding area.

In addition to the ACA/CIMA qualification, the successful candidates will possess excellent track records to date, a high level of motivation and commitment together with the proven analytical and communication skills which these high profile roles will demand. A comprehensive range of banking benefits will be offered including subsidised mortgage, private health insurance and non contributory pension scheme.

For further information please telephone or send your CV to Valerie Grassham, Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel 071 588 7287. Fax 071 382 9417.

A MEMBER OF THE BLOMFIELD GROUP
JOSLIN ROWE *Accountancy*

Accounting Supervisor

Take Charge of Joint Ventures

Oil Company — **c £40,000**

This London based oil company has substantial production revenue, is involved in several significant developments as operator and co-venturer and is an active 12th round participant. It plans to invest $400 million in the UKCS over the next 5 years and now needs a top calibre accountant to be responsible for its non-operated activity.

Supervising a small team, you will enjoy both a high profile and wide workscope which includes the financial control of the company's interests in two major North Sea developments. The accounting system has recently been streamlined and you will have the chance to enhance procedures further.

A professionally qualified accountant, probably aged 25-35, you have good joint venture accounting experience, ideally North Sea related. You are computer literate and probably have worked for both an operator and non-operator. A familiarity with US accounting principles would also be helpful.

The remuneration package is particularly competitive and includes a quality car and attractive share scheme.

Please telephone or write with CV in complete confidence to: **Sue Jagger, Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.**

Simpson Crowden
CONSULTANTS

FINANCE MANAGER

West Midlands **£34,000 + Car**

The water industry is changing rapidly. There is a new emphasis on environmental issues, capital expenditure programmes and price conscious customer service. Our client is addressing these challenges with enthusiasm. Serving an area of 600 square miles and over 1¼ million customers, it has already been recognised as an innovative market leader amongst the 29 water supply companies.

Prestigious contracts at home and abroad, the opening of a major nitrate removal plant and investment in the latest research technology all testify to the company's progressive approach, as do its teambuilding programmes, sponsored MBA courses and positive attitudes to the creation of a high calibre management team.

As part of this process, the existing Finance Manager has been promoted to become Company Secretary and his successor is now being sought. Heading up the Finance function, the successful candidate will manage 24 staff and be responsible for efficient and timely management and financial reporting. The brief will also be to bring the best out of the finance team, adapt the department to meet the needs of the new regulatory bodies, and create a climate of cost consciousness and accountability through close rapport with managers of other disciplines. Capital restructuring, corporate finance and relationships with the City will also play an important part.

Candidates aged 27-35 should be graduate, qualified accountants. They should be achievers with a record of success in progressive large companies. A commercial mind, the ability to learn quickly and well developed leadership skills are more important than previous water industry experience. For individuals with ambition, self confidence and drive this role will provide real challenges and wide scope for career progression.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L555.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (071-629 8070)

EGOR EXECUTIVE SELECTION

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PRODUCTION ACCOUNTANT

Leeds **c£25,000 + Car**

For a talented recently qualified accountant, this is an outstanding opportunity to join a world leader in a major growth sector.

Our client is the UK subsidiary of a prestigious international pharmaceutical group. It has a well deserved reputation for product quality, based at least partly on substantial investment in technologically advanced production techniques. After a period of sustained growth, the company is now restructuring its finance function to accommodate its latest market strategies. It now therefore wishes to appoint a high calibre Production Accountant to play a frontline role in this process.

The Production Accountant will report functionally to the Financial Controller at HQ, but will be the senior accountant on site, working very closely with the Factory Director. Supported by two staff, the successful candidate will be responsible for the provision of sophisticated management information for use in the commercial decision making process. This will include factory budgeting, variance analysis, improved costing and stock systems and a range of ad hoc projects and analyses for the Board.

Candidates for this high profile role should be qualified accountants with ambition, commercial acumen and a practical approach. You are likely to be in your mid/late 20s with previous experience of working in a fast moving production environment. You should be familiar with the use of PCs and happy to "roll up your sleeves" when necessary. Personal credibility both on the shop floor and at Board level is essential, as is the maturity to manage others and to be aware of broader commercial implications.

This is a demanding role in an exciting environment. It will offer valuable experience, a negotiable remuneration package and a springboard for rapid career development.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L556.

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London SW1A 1LD (071-629 8070)

EGOR EXECUTIVE SELECTION

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Financial Analyst

ASA International

Thames Valley / Oxfordshire **Aged 27-32** **Minimum 30k + Bonus + F/E car + Relocation**

Responding effectively to sustained growth, this property division of a major multinational is to restructure and expand its current finance team.

Reporting directly to the Financial Controller and indirectly to the Regional Managing Director, you will provide both strategic and commercial input into the growth and overall performance of the division.

Responsibilities will cover the preparation, critical review and control of Regional Business Plans, Annual Operating Plans, Forecasts and Monthly Performance. Duties include the financial evaluation of Capital Investment and Capital Disposal programmes and also extensive liaison with financial accounting in the preparation of regional accounts.

Representing the finance function on the Regional Board, the successful individual will have considerable presence, exceptional communication skills and a mature, commercial outlook.

The ability to influence and effect both senior and middle management through sound business advice, is essential to the development of the division.

A graduate accountant, with at least three years post qualification experience in a fast moving and challenging environment, you will be able to provide commitment, drive and excellence in this key position.

Interested applications should call Edward Akerman on 071-353 1244, or alternatively, write, enclosing detailed CV, to him at the address below.

ASA International Ltd, Ludgate House, 107-111 Fleet Street, London EC4A 2AB

ASA International ASA

Director of Finance

Sheffield **c£40K**

Sheffield City Polytechnic is the second-largest Polytechnic in the UK, with 16,000 students and a current annual expenditure of over £50M. Recently designated an Independent Higher Education Corporation, it is entering a dramatic period of cultural change and expansion.

In order to maintain and develop the financial infrastructure for growth, there is an immediate requirement for a Director of Finance to join the senior management team of the Polytechnic.

Reporting to the Principal, the individual appointed will introduce a more commercial approach to the management of the Polytechnic's affairs. Key immediate tasks will include a thorough review of existing accounting practices and MIS, and the financial management of an approved £70M capital project for the improvement and expansion of existing facilities.

With a degree and a relevant accounting qualification, candidates should possess personal stature and authority, the intellectual capability to make a significant contribution to the strategic development of the Polytechnic and the desire to work in an institution which can influence decision-making on a national scale. Financial management experience could have been gained from either the public or the private sectors.

An attractive base salary, negotiable in the region of £40,000, will be offered to the successful candidate.

Interested applicants should write to Roger Howell, enclosing a full CV, at the address below.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.

A GKR Group Company

The Top Opportunities Page

Appears in the Financial Times every Wednesday

For further information please contact

Elizabeth Arthur
071-873 3694

Stephanie Spratt
071-873 4027

French-speaking

International Finance Director

c£55,000 + Car

This is a high visibility, branded operation, prominent in Europe, USA and the UK, with a *well-prepared strategy* of increasing market penetration and improving financial performance.

The Finance Director should be used to the pace of a fast-moving consumer orientated organisation and have the commercial outlook and sense of urgency to be *right hand to the Divisional Chief Executive*, particularly in relation to the overseas activities where good communication and an understanding of what is happening on the ground is essential. A strong professional approach is required, supported by independence of mind and the ability to set and raise standards through Country Finance Directors.

Applicants should be multicultural individuals with a recognised finance qualification (Graduate Chartered Accountants, CPAs etc) who have successful track records within an operating company of a consumer orientated multinational or relevant exposure at a senior managerial level in a top firm. Good corporate and interpersonal skills are very important. Fluent French is essential. The position will be based in London and relocation assistance is available. Age guideline, early to mid 30s.

Please apply in confidence quoting Ref L463 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

FINANCE DIRECTOR

c £35,000 - £40,000 + Executive Car

This position has been created in a new business unit that resulted from the re-organisation of an international business. Specialising in hydraulics for the civil and military aerospace industry, this new operation will involve the integration of existing activities into a business committed to competing aggressively in the international marketplace. Objectives will include extending the existing customer base and entering new markets.

Your initial responsibilities will include formulating the business strategy in conjunction with senior colleagues and the Managing Director and then setting up and leading your finance team. Your role will include designing and implementing a comprehensive system for the provision of financial information, advising colleagues on the financial implications of the business and providing a company secretarial service.

You should be professionally qualified and fully committed to the development of multi-disciplined teams, the principles of TQM and a 'hands-on' style of management. You should have previous experience at managerial level of integrating financial and manufacturing systems. Previous involvement in military and commercial contracts would be an advantage. The creation of a culture of co-operation and a strong team spirit is considered an essential element of your brief.

If you are interested in responding to this challenge and can demonstrate a successful track record in your particular field, please write with full CV, quoting Ref: S/812 to our Consultant Peter McMahon, at Austin Knight Consultancy, 11th Floor, Castlemead, Lower Castle Street, Bristol BS1 3AG. Alternatively telephone him on 0272 221891 (daytime) or 0452 856017 (evenings/weekends).

Austin Knight

Director – Financial Services

***Circa* £30,000 + car + benefits** **East Anglia**

Suffolk Heritage Housing Association has been recently formed to receive by voluntary transfer 5,400 dwellings in a delightful part of East Anglia. Totally committed and entirely professional we will be providing a first-class service to potential and existing tenants. We are now looking for a dynamic person to complete the senior management team.

You will play a vital part in inspiring the confidence of the Association's funders and maximising financial resources to the consumer's benefit. This will include managing and monitoring complex loan structures as well as taking an active part in achieving the wider corporate objectives.

Possibly a professional qualified accountant, you will need at least five years' senior management experience, preferably in a service industry environment. You will be in at the beginning so must have the ability to balance the need for day-to-day efficiency with the foresight to plan for the future, contributing to the evolution of corporate strategy.

We will reward you well with an excellent salary, leased car, private health insurance and assistance with relocation where appropriate.

For an informal discussion and to apply please telephone the Secretary, Jonathan Sullivan, on (03943) 2741.
Closing date is 20th December 1990.

CROSFIELD

Group Treasurer

Hemel Hempstead **c£40,000 + Benefits**

Crosfield Electronics Ltd is one of the leading worldwide suppliers of computer-based pre-press equipment to the rapidly growing graphic design, printing and communication industries. Owned jointly by Du Pont and Fuji turnover is around £240m from 26 locations in 14 currencies.

Reporting to the Finance Director, with one assistant, the Group Treasurer will play a leading part in the maximisation of cash generation by ensuring that effective procedures and mechanisms are in place and that a 'cash conscious' attitude exists around the Group. This newly created role is wide ranging and will have particular emphasis on transfer pricing as well as funding responsibility for the Group's in-house leasing operation. Some European travel is envisaged.

Probably aged mid thirties, candidates will be graduates with strong interpersonal skills and several years commercial treasury experience preferably gained in a substantial capital equipment manufacturer. Leasing experience and exposure to European financial institutions will be advantageous.

The salary offered will be negotiable for the right candidate and the competitive benefits package will include relocation where appropriate.

Interested applicants should write enclosing CV and daytime telephone number, quoting Ref 474 to Nigel Bates, FCA.
Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7PG

Whitehead Rice

MANAGEMENT SELECTION

Finance Manager

West Midlands **c£30,000 + Car + Bonus**

Our client is a high profile subsidiary of a national retailer of substantial size.

The company has performed strongly within its market and has a substantial and growing market share, a trend that is expected to continue.

An opportunity has arisen for a qualified accountant, aged 28 to 35, who has previous experience of producing accounts within a large and complex organisation and of supervising the accompanying number of staff.

The successful candidate will be a key member of the senior management team and will be a focal point for the financial control.

There will be a significant emphasis on the development of the computer systems, as well as on providing a commercial input to the decision making process.

If you have the maturity, confidence and application to realise the potential of this position, then you will be amply rewarded with a generous package including executive car, bonus and relocation.

To apply, please write enclosing a curriculum vitae and details of current remuneration, to Oliver Howl BSc ACA at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, quoting reference OH116.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

INTERNATIONAL TREASURY ACCOUNTANT

Hertfordshire
Nr M1-M25
c£28,000
+ Car +
Substantial Bonus

For a versatile ACCOUNTANT with specialist experience in the TREASURY function - THIS newly created appointment will provide a challenging and demanding career opportunity where self development and initiative is encouraged.

The Company is a long established International Group driven by an experienced Management Team and committed to continued, planned growth in the U.K. and overseas. The JOB will call for expert development of all TREASURY functions - reporting to the Financial Controller for International Operations. Applications are welcomed from qualified Accountants - preferred age 28-36, with previous Treasury experience, ideally gained in a Multinational organisation.

We seek SKILLS in Corporate Funding, Cash Flow control and management of Multi-currency exposures, Interest and Credit risks.

Candidates will develop close relationships with financial institutions and the Companies overseas subsidiaries. This is a high profile role, operating at all levels in a forward looking organisation able to offer real career enhancement and progression.

Interested - Contact:-
ARTHUR FLITTER, Adviser to the Company

BEAUMONT MANAGEMENT SERVICES LTD.

Beaumont House,
Station Path,
STAINES, Middx.
TW18 4LA
0784 462131 (24 hours)
Fax [illegible]

BMS

FINANCIAL MANAGEMENT CONSULTANCY

ISM+ABM=GFMC

Not an equation as momentous as $E = MC^2$ but important nevertheless.

We asked Harris Research Centre to talk to 150 Finance Directors, in companies in the Times 1000, about the information they use for the strategic management of their businesses. The results were surprising to some readers and have stimulated further demand for our Information for Strategic Management services.

Our work on ABC, where we have an exclusive association with the leading academics in the field, has broadened into Activity Based Management. Our success in this area is demonstrated by the size and quality of our lengthening client list.

The resulting Growth in Financial Management Consultancy means we need more staff. If you are a graduate accountant, ideally 28-35, with a record of success in one or two blue chip companies, you could perhaps help to solve the equation and gain LEE (sorry, Leading Edge Experience).

Please send CV and salary history to John Gerard, quoting reference FT/JG/D90, KPMG Peat Marwick Management Consultants, PO Box 695, 8 Salisbury Square, London EC4Y 8BB.

P.S. If you would like a free copy of the Harris report 'Information for Strategic Management: A Survey of Leading Companies, 1990' please send your business card to Brian Taylor at the above address.

KPMG Peat Marwick Management Consultants

Falkland Islands Government

FINANCIAL SECRETARY

Key Government and Community Post

£42,500+Full benefits/allowance — 2 Year Contract

The Falkland Islands have experienced unprecedented change and growth over recent years. With a population of around 2,000, the Islands' community is set in uniquely beautiful surroundings, rich in wildlife.

The Financial Secretary will work closely with senior Government officials to determine new policies and objectives and will therefore play a major role in defining and formulating Government plans. With overall responsibility for financial, accounting and systems policy, the individual will also act as Head of the Treasury Department, Commissioner of Currency and Income Tax and will be an ex-officio member of the Executive and Legislative Councils. Other Chairmanships and board memberships will be required.

As one of the three most senior civil servants, it is expected that the Financial Secretary will play a significant role in the community. It is therefore essential that applicants should be committed to the further development of the Islands and possess the necessary communication and inter-personal skills to facilitate change and encourage a strong team spirit. All applicants should have broad financial experience in the public sector and must hold a professional accounting qualification.

For further details, please contact Hilary Douglas, enclosing a full curriculum vitae and covering letter and quoting ref: FI1061.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

Credit Services Manager

North East **c£28,000 + Car + Benefits**

Our client is a £350 million turnover organisation engaged in a variety of retail, distribution and financial services markets. Diversification and continued investment have kept the company at the forefront of its market sectors, and despite difficult trading conditions record sales and profits continue to be achieved.

As a key part of the diversification process, they now seek to develop their financial services interests through the provision of credit card facilities both internally and to third parties. Reporting to the Assistant Chief Executive, the Credit Services Manager will assume responsibility for the profitable development of a £30 million turnover business comprising some 50 people, including the formulation and implementation of growth strategies, the strengthening of financial controls and systems, the sourcing of funds, technological developments and the introduction of new products.

Candidates are likely to be Qualified Accountants who can demonstrate a track record of achievement in the development and management of a business. In addition, he/she must be able to display a high degree of commercial ability, allied with an attention to detail and the interpersonal and team leadership skills required to succeed in a demanding role. Experience within a Credit Card, Banking or Retail environment would be desirable.

A comprehensive benefits package, including relocation facilities where appropriate, is available.

Interested applicants should contact James J. Russell, quoting Ref: L8546, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Young Enthusiastic Accountant

£40,000+car+benefits **Hertfordshire**

Candidate: Qualified accountant ▶ mid to late 20's/early 30's ▶ bright, young and self-motivated ▶ able, enthusiastic and determined ▶ excellent communication skills ▶ highly ambitious.

Appointment: A newly created role as finance director designate ▶ desire for board appointment.

Client: A highly respected company ▶ new experienced management team.

Rewards: Unique career opportunity ▶ excellent growth potential ▶ negotiable, incentivised remuneration package ▶ fully expensed car ▶ benefits.

Please reply in confidence enclosing a CV or telephone Keith Norman FCCA quoting reference KJN/455 to:

JACQUES SAMUEL & ASSOCIATES LIMITED **Recruitment Selection Consultants**
2 Park Street, Hitchin, Hertfordshire SG4 9AH **Telephone: 0462 454261 Fax: 0462 458781**

QUALITY IN RECRUITMENT

JS&A

FINANCIAL CONTROLLER

Coventry/M6 **to £33,000+car+bonus**

Our client enjoys an unrivalled reputation within its specialised field of insurance. Sustained compound growth in excess of 30% per annum over the last five years demonstrates its resilience in a difficult economic climate.

An expanding business requires increasingly sophisticated financial information. The Financial Controller will facilitate systems developments and improvements which in turn will lead to more comprehensive management information. Most importantly, the Financial Controller will mastermind the relocation of the finance function from London before taking charge of a team of 25 staff. The challenges of the role therefore embrace project management alongside the day-to-day motivation of a diverse workforce.

Previous insurance experience is **not** a prerequisite, however applicants must be qualified, computer literate accountants with several years' management experience within a demanding and professional environment. Initiative and flexibility within a strong team environment will be rewarded by a high level of responsibility and visibility.

Applicants should be prepared to spend an initial 4-6 months in London to become acquainted with existing systems: travel and accommodation costs will be paid. Please send a full curriculum vitae to Hilary Douglas, quoting reference D4863/F.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

HEAD OF PARTNERSHIP TAX

City Solicitors

One of the largest and most prestigious City practices, our client has an enviable reputation and rapidly growing international presence.

Reporting to the Director of Finance and working closely with the firm's Tax Partners, the Head of Tax will control a small specialist department and be responsible for all aspects of taxation for the partnership and its overseas operations. This will include ad hoc tax exercises and direct contact with all partners.

Applicants are likely to be qualified accountants who are computer literate and have extensive tax experience gained in a major firm of accountants, a similar large partnership or in commerce. This highly sensitive role requires a person with the intellect, diplomacy and communication skills to be readily accepted at the highest level.

Salary will not be a limiting factor for the right applicant.

Please write, enclosing a full career/salary history or telephone David Tod BSc FCA quoting reference D/953/F.

SENIOR ACCOUNTANTS AND ANALYSTS

How do you account for an oil field that stretches from Cricklewood to Brixton?

Central London £30,000 – £40,000

By the time the Scott field is producing oil, it will be the largest UK offshore development of the 1990's and a major factor in our ability to provide 10% of Britain's annual oil production. Superimposed on a map of London, the field stretches from Cricklewood to Brixton, and from Notting Hill to Hackney and, as a £1 billion project, is the latest episode in our success story. Indeed, Amerada Hess has become Britain's fastest growing independent oil and gas exploration and production company.

Nevertheless, Scott is only part of a business which involves major financial commitments and, by the very nature of the oil industry, unique working relationships with various joint-venture partners. As a result of our growth, we have created several senior roles which offer the chance to have a major impact on our Financial Accounting and Management Reporting and, consequently, the success of the business as a whole.

Your primary function as a Financial Accountant will be to either head up the financial function of a business unit or, to research, propose and implement Corporate accounting policies, guiding others in ensuring consistency across the Company's statutory accounts.

The Management Reporting roles call for accurate and timely support to management decision making, and close liaison with Corporate Finance on the reporting requirements of the business as a whole.

You could be a Chartered Accountant, a qualified Accountant with oil industry experience, an Accountant without oil industry experience . . . there are many different permutations. The real essentials are credibility, commercial maturity, and the ability to grow with a rapidly expanding business. Beyond that, we'll be looking for top-level management skills and willingness to accept real responsibility.

In return for your vision, dedication and expertise, we can offer salaries in the £30,000 – £40,000 range, and a benefits package that includes free BUPA, non-contributory pension scheme, 20 days' holiday (25 days after completion of one year), employee share scheme, and a generous relocation package where appropriate.

The real reward though, is the promise of a high-profile career in an exciting environment where ambition and ability are recognised and applauded.

In the first instance, please send your CV to Dilly Hallett, Amerada Hess Limited, 2 Stephen Street, London W1P 1PL. Alternatively, fax her on 071-927 9961.

HESS

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For further information please call

Jennifer Hudson 071 873 3607

Richard Jones 071 873 3460

Georgina Harris 071 873 3392

Denise Morrice 071 873 3199

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Finance Director

Lloyd's Insurance Broker

Aged 30 to 45 years £48,000 +

This appointment is with a rapidly growing Lloyd's insurance broker, currently specialising in the marine insurance market and presently with an annual brokerage of £2.5 million. Formed in 1987, the company is entirely director and employee owned, and is seeking to diversify into new classes of insurance broking and to cultivate new sources of business, in particular in North America and mainland Europe.

Applicants should combine managerial and administrative abilty with a capacity to contribute to policy-making at board level, and evidence an interest in playing a key role in enhancing the quality of the company's service to clients and the London insurance market through information technology. They should be qualified accountants, aged 30 to 45 years, and preferably experienced in the Lloyd's market.

A competitive remuneration package is offered including a starting annual salary of £48,000, plus car, membership of a non-contributory pension scheme and medical insurance.

Full details of career to date and current remuneration should be sent in complete confidence, quoting reference number 9047, to Patrick Bailey at Neville Russell Management Consultants, 246 Bishopsgate, London EC2M 4PB.

246 Bishopsgate
London
EC2M 4PB
Tel: 071-377 1000
Fax: 071-377 8931

NEVILLE RUSSELL
Management Consultants

CONTROLLER AND MANAGER ACCOUNTING FOR EUROPEAN CO-ORDINATION CENTER IN BRUSSELS

SnyderGeneral makes, sells and services Air Conditioning, Ventilating, Air Filtration and Air Pollution Control products.

European sales are over USD 200 million, generating high profit.

European co-ordination center now set up in Brussels.

SnyderGeneral seeks an excellent Manager Accounting and a highly qualified Controller for Europe with 10 years experience in production, cost control, international tax planning and acquisitions. Should be multi-lingual.

Excellent pay package.

Send CV to SnyderGeneral Netherlands BV, P.O. Box 7928, 1008 AC Amsterdam, The Netherlands, for the attention of Mrs. L.C. Mul.

SnyderGeneral

CAREER IN INVESTMENT BANKING

NEWLY QUALIFIED EDP AUDIT

CITY TO £40,000 + CAR

International investment banking and asset management group offer exceptional career opportunity in Computer Audit. Liaising at director level you will be advising on systems reviews and development. The recommendations have significant impact on the business and as such the bank considers this a high profile role.
Substantial training in securities, investment banking, asset management and a range of computer systems will be given.

Educated to degree level, the successful applicant will need to be a newly qualified Chartered Accountant or an experienced computer auditor with a background in investment banking or securities.

Reply in strictest confidence to:
Amanda Jowers
on 081 877 1121
Accountancy Opportunities,
6th Floor,
73 Upper Richmond Road,
London SW15 2SZ

ACCOUNTANCY OPPORTUNITIES

GROUP FINANCIAL CONTROLLER

INTERNATIONAL SERVICE ORGANISATION

European Based To £45,000

Through an intensified combination of organic growth and acquisitions, this rapidly expanding organisation continues to build on its market position within a highly competitive global environment.

With a clear objective of maintaining its leading European position, the company now seeks a key individual to complement and strengthen its existing management team.

Reporting to the Group Finance Director you will play a leading role in the control, co-ordination and integration of operations throughout the world.

Identified as a senior appointment, the main areas of responsibility will be the control and co-ordination of the accounts function worldwide.

The position will specifically involve the monitoring and provision of business data, management reporting, systems development and a substantial amount of ad hoc/project work. Group accounting, policies and procedures, liaising with the auditors and company secretarial duties will also form a major part of the role.

Seen as an outstanding opportunity for an experienced manager to join this enterprising group, successful candidates must be strong communicators, self-motivated, flexible and be able to demonstrate proven leadership qualities. Fluency in a European language would be an advantage.

Interested applicants should telephone Jacques Police on 071-437 0464 or write to him, enclosing brief details at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464 Fax: 071-437 0597

FINANCIAL CONTROLLER
REPORTING & ACOUNTING
MULTI-SITE SERVICES OPERATION
THAMES VALLEY - C£35/40k +BENEFITS

This dynamic UK subsidiary of a major US services operation employing some 1,500 people in various Regional locations, is now consolidating its position

The Company is now seeking an experienced professional to take managerial responsibility for recording and reporting financial transactions in accordance with policy, statutory and tax requirements.

Experience as a No 2. in a medium to large organisation and a knowledge of US accounting procedures would be ideal. Scope would not be limited since the Company is looking to expand into Europe which will in turn offer the potential for greater responsibility and job opportunity.

The preferred candidate will be Chartered and probably a graduate. It is unlikely that anyone under 35 will have the necessary stature and experience for this important and growing role.

In return, the successful applicant can look forward to basic salary of at least £35k and the benefits normally associated with a major company including performance related bonus.

Suitable applicants should in the first instance, send career details in absolute confidence to ADAM MARC at the address below quoting ref AB/3792 on the envelope. On a separate sheet, you should list any companies to whom you wouldn't want us to forward your application.

Bensons Recruitment, Amen House,
44c Church Street, Reigate RH2 0AJ.

Bensons

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GROUP FINANCIAL CONTROLLER AND COMPANY SECRETARY

CENTRAL LONDON

SALARY BASED ON A MINIMUM OF £30,000 + BENEFITS

A new opportunity has been created in an expanding, profitable, international sales and distribution Group based in their recently refurbished head office in Central London. Strongly financed and with an 8-figure turnover, the Board has identified the requirements for enhanced financial and cash management and has embarked on a programme of strengthening its financial controls and reporting. The challenge facing the successful candidate will be the implementation and subsequent administration of procedures for management accounting and cash control as well as working closely with main board and senior management across the Group in interpreting and improving actual performance against agreed budgets. Additional responsibilities include Company Secretarial matters together with pension administration and other duties. The Financial Controller will manage a team of six and report to the Commercial Director.

You will be a qualified accountant (preferably ACA) who is seeking to develop your career in a fast moving environment. Possessing a strong personality and enthusiasm, you ideally will be in your late twenties to mid thirties with some commercial experience.

To reflect the importance of the role, in addition to salary an excellent executive package is offered including a quality car.

All applications will be treated in strictest confidence. Please apply in writing with full CV and availablility to:

Mr R R Howell,
Commercial Director,
G & S Allgood Group Ltd,
297, Euston Road, London
NW1 3AQ Tel: 071 387 9951

ALLGOOD
ARCHITECTURAL HARDWARE

WEST COUNTRY PACKAGE c £40,000

Financial Controller

This substantial plc has a policy of continual development to enhance the profitability of its core activities and to expand into new markets. The finance function has an integral part to play in improving overall efficiency and must therefore be responsive to the changing requirements of the business.

Working closely with senior managers throughout the group, the successful candidate will have the objectives of developing financial control, preparing monthly board reports and establishing a proactive management accounting service. This post has responsibility for providing timely and accurate information to assist in improving profitability.

We are looking for a qualified accountant with well developed technical skills and experience of managing a sizeable team in a commercial organisation. Good communications skills and the ability to promote the department as a service to the business are essential.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Janice Walden, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Bull Wharf, Redcliff Street, Bristol BS99 7TR quoting reference JW426 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Financial Controller

N. Beds mid/late 20's to £30,000 plus car

Our clients are able to provide an exceptional opportunity to a young **Chartered Accountant** who has a sustained record of above-average achievement to date and who feels ready to assume responsibility for the financial control of a self-contained business within a major British group. Our clients are a significant part of this group and leaders in a well-established, *leisure-oriented sector. They have recently identified* opportunities for substantial growth in some new parallel markets and are now setting up a management team to exploit those opportunities. The business is, therefore, currently quite small (50 employees) but in need of financial controls and planning procedures which will be effective in an environment of burgeoning growth and profitability. Responsibility is to the Chief Executive of the business with a strong functional reporting line to the Finance Director of the parent company. The job calls for a hands-on approach and wide-ranging inter-personal skills. This is a high-profile appointment offering excellent career development opportunities in the company and the greater group.

Ref: 1719/FT. Send C.V. or write or phone for an application form to R.A. Phillips, Phillips and Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

FINANCIAL DEVELOPMENT

c£30,000 + CAR SOUTH OF LONDON

Our Client, a major contract hire and vehicle maintenance organisation, has one of the largest commercial vehicle fleets and *multi-site operations in the U.K.. Part of a long established and* profitable PLC, for whom it provides extensive support facilities, it is currently redefining its operational stance and seeking to expand its share of the wider commercial market.

A qualified and highly commercial accountant, probably an ACMA, is now required to spearhead a fundamental review of accounting strategies and systems with a view to improving profitability.

To succeed in this unique appointment you will have a sound knowledge of accounting theory, extensive practical experience and the entrepreneurial flair to apply both to a radically changing business.

Outgoing, customer facing and assertive, the ability to *communicate effectively from shop floor to board room level* is mandatory. In-depth experience of systems in a service business, not necessarily the contract hire industry, must be combined with innovative and analytical skills. Executive progression opportunities within the Group are outstanding.

Please write with full C.V., quoting ref. IOH 112 to:

Executive 2000, Sutton Park House,
15 Carshalton Road,
SUTTON, Surrey SM1 4LE.

EXECUTIVE 2000
SEARCH AND SELECTION

Finance Bursar

Sevenoaks School

Age: 40-55 Salary: £25,000

Sevenoaks School is a long standing and highly regarded independent public school, with 900 pupils and over 150 staff.

In charge of a small team, the Finance Bursar will have responsibility for the efficient operation of the finance function of the School and its associated businesses. The scope of the role will include management and statutory reporting, treasury management, control of the computer systems and presentation of information to the Board of Governors.

This opportunity will appeal to qualified accountants familiar with computerised systems and who have the ability to manage successfully a broad role with a hands-on style.

Please send career and personal details to Carrie Andrews, Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB, quoting reference CA285.

Tradition Luxembourg

requires a Correspondent Link Broker with a minimum of two years experience in the Currency Deposit and off balance sheet market.

Please apply in writing with CV to:

Bernd Bachhausen
Branch Manager
Tradition SA
Succersale de Luxembourg
3 Rue des Capucins
1313 Luxembourg
Tel: 46 04 11

Finance Director

for a major subsidiary of

Hanson PLC

Butterley Brick Limited, a major subsidiary of Hanson PLC based in Ripley, Derbyshire, requires an ambitious finance director to join its management team.

Reporting directly to the Managing Director, you will be responsible for all aspects of financial control, accounting and management information. In addition, the candidate will be expected to contribute extensively to the broader business issues and to the company's profit growth.

The successful applicant will be a qualified accountant aged 30-40 with a good academic background and a proven track record within a commercial environment. Experience within the building products industry would be an advantage, although not essential.

In addition to a substantial basic salary, the remuneration package will also include bonus and share options.

Applications should be made to:
The Assistant Finance Director, Hanson PLC, 1 Grosvenor Place, London SW1X 7JH.

Financial Controller

A Broader Sphere Of Influence

Kent/Surrey borders To £30,000 + Car + Quality Benefits

With the backing of their US parent, our client is a well established computer software house with a turnover of *c£4m.* A history of sustained and profitable growth has created a new and influential role for an energetic, commercially-aware accountant.

Reporting directly to the MD, and with responsibility for 6 staff, you will be fully accountable for all aspects of the finance and administration functions. The brief is broad, and will expose you to business planning, financial and management accounting, cash control and administration management. Continual liaison with counterparts in the USA and financiers and auditors in the UK will be necessary. Initially the focus will be on a planned review of the computer based financial systems essential in ensuring the effective control of project costs and the speedy production of pertinent management information.

For someone, preferably qualified, with business flair, hands-on skills, a practical and enthusiastic approach to computing and the ability to manage change, the position represents an excellent career move with real future prospects.

Please write to or telephone Brian Kemp at Executive Network Consultants Ltd., 125 High *Holborn, London WC1V 6QA. Telephone 071-242* 2010 (office) or 081-657 2734 (evenings/weekends). Fax: 071-430 2587.

Executive
NETWORK

Financial Controller.

Morse are an expanding, profitable London-based operation. Established in 1984 with IBM, Compaq and Toshiba, we have added Sun/Unix systems to our range and are now Sun's largest UK reseller. *Sales are to major* corporates & public authorities.

Our Financial Controller will be an ambitious graduate A.C.A. with experience in a company where things are bought & sold. He will report to the M.D. at our new, spacious Mortlake offices. *Call Margaret Cox* at 081-876 0404.

MORSE

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